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ISSUE 1

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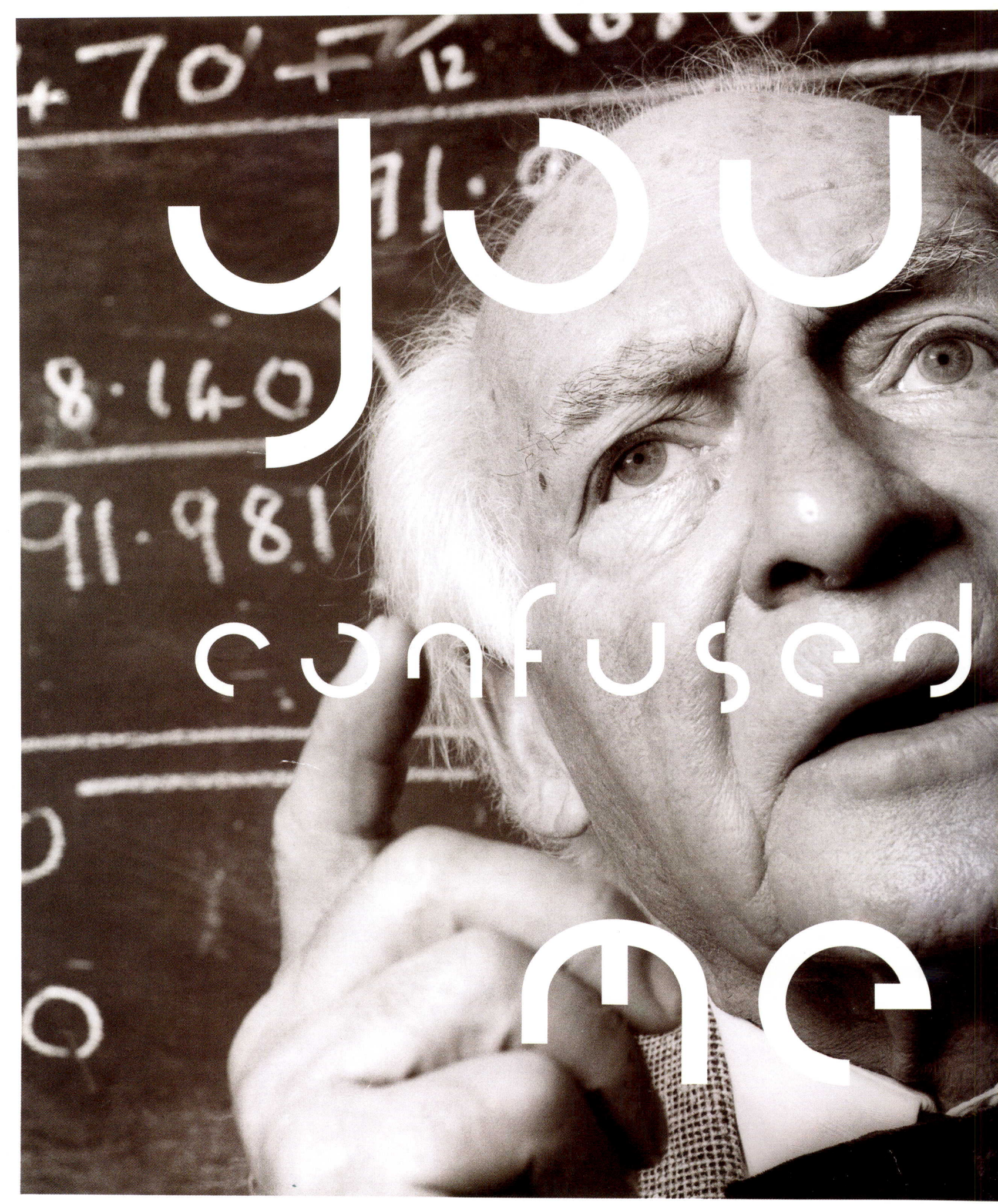
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MISTRAL

Internet Investor

Your no-nonsense guide to online personal finance

The contributors

We've pulled together a team of accomplished journalists with a wide range of experience, covering computers, the Internet and the world of finance. Here's a quick rundown of this issue's writers...

Guy Clapperton has just completed a book on money and the Internet for Virgin. He has previously contributed to *The Guardian*, *The Times* and other newspapers, as well as *Punch*, *Q*, and a number of computing titles.

Steve Gold's a former accountant with 20 years of journalism under his belt. Specialising in online matters, he has co-authored several books, including the *Hacker's Handbook* and claims to have logged more online hours (and very large phone bills) than almost anyone.

Simon Heptinstall is an award-winning print and broadcast journalist who has contributed to a number of national newspapers and magazines including the *Independent*, *The Times* and *The Telegraph*.

Kathy Lines is an active Internet investor who started writing about financial services over ten years ago, when editing a magazine about services on Prestel. She is now a freelance writer and researcher, with a special interest in new media.

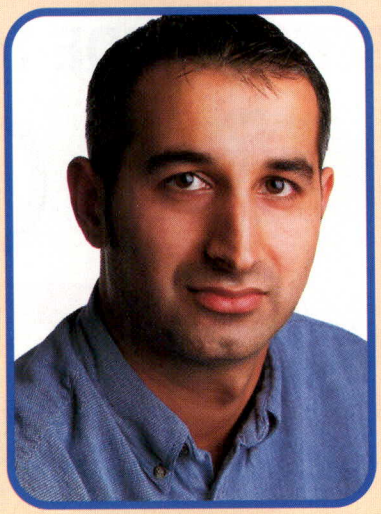
Dan Oliver is news editor for our sister magazine *Internet.Works*, the UK's leading Internet business publication. Dan has also helped research a number of different Internet and e-commerce related programmes for both the BBC and Channel 4.

Steve Patient is an IT journalist who has written for numerous computer and Internet magazines, including *PC Answers*, *PC Plus*, *Linux Answers*, *.net* and *PC Guide*.

Roger Shezall lives in Devon, where he works as a commercial writer and editor specialising in a number of subjects, including stock market investment.

Peter Temple is a financial journalist and author. His work appears regularly in the *Financial Times*, *Investors Chronicle* and *Analyst*. He has written several books on investing, the latest of which – *The New Online Investor* – has just been published by John Wiley & Sons.

Sandra Vogel is a freelance journalist who writes widely on a range of topics. She is a regular contributor to ***Internet Investor***'s sister magazine *PC Plus*, where she specialises in handheld and portable computing.



Welcome to issue one of ***Internet Investor***, the magazine dedicated to helping you get the best from your personal finances with the Net.

You may already be a convert to online finance, or perhaps it's something you're considering for the near future – either way, there are some serious gains to be had. Most importantly, you can save money: the Net's the place to get the best deals on loans, credit cards, savings and mortgages. And even if you don't take out a service online, you can save a lot of time by using the Net to carry out your preliminary research, comparing products against one another.

Bank on this

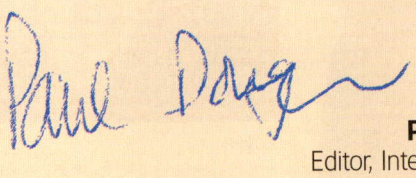
Then there's online banking, which offers convenience levels we've never had before. You can check your balance, make payments and transfer funds from one account to another with a few swift mouse clicks. You can do this at any time of the day or night, and from any Net-connected computer.

The Internet has also busted the doors of the world's stock exchanges wide open, enabling anyone with a Net connection to carry out research on promising investments and then buy and sell in real time, along with the traders on the stock market floor.

Even more exciting is that this is just the start of what promises to be a life-changing process. And we'll be following it, bringing you expert insights and analysis of the best deals available as they appear.

If you have any questions about online finance, or contributions for our letters page, email us at **investor@futurenet.co.uk**. Let us know which services you've used and what you think of them. Alternatively, you can contact me by sending an email to **paul.douglas@futurenet.co.uk**.

Happy investing...



Paul Douglas
Editor, Internet Investor

Mission statement

Internet Investor is the Net magazine that's dedicated to helping you manage your personal finances with the Net.

Every issue, we show you how the Net can be utilised for this purpose, accompanied with in-depth analysis of companies and services of interest. In each case, we highlight the most cost-effective online solutions and explain in clear, no-nonsense terms, how you can use the Net to your advantage.

If you feel we're not meeting our objective to be the UK's most informative guide to online personal finance, then please email us at **investor@futurenet.co.uk**

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Internet
investor
ISSUE 1 JAN 2000

YOUR NO-NONSENSE GUIDE TO ONLINE PERSONAL FINANCE

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net gains

Whether you're after credit cards, loans, insurance, savings, mortgages, or pensions, the Internet can offer you a better deal. We send our researcher out to find you the best deals in all the above, in less than 60 minutes. Don't commit your money until you've read our findings

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a bluffer's guide to the stock market

A beginner's guide to getting started buying and selling shares on the stock market. Includes:

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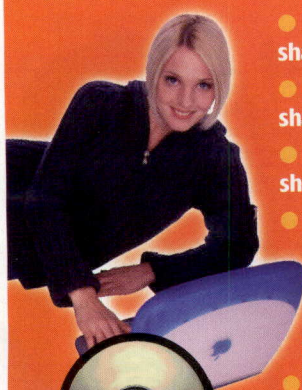
SOFTWARE FOR THE SMARTER INVESTOR



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- Buy and sell shares online
- Balance your bank account
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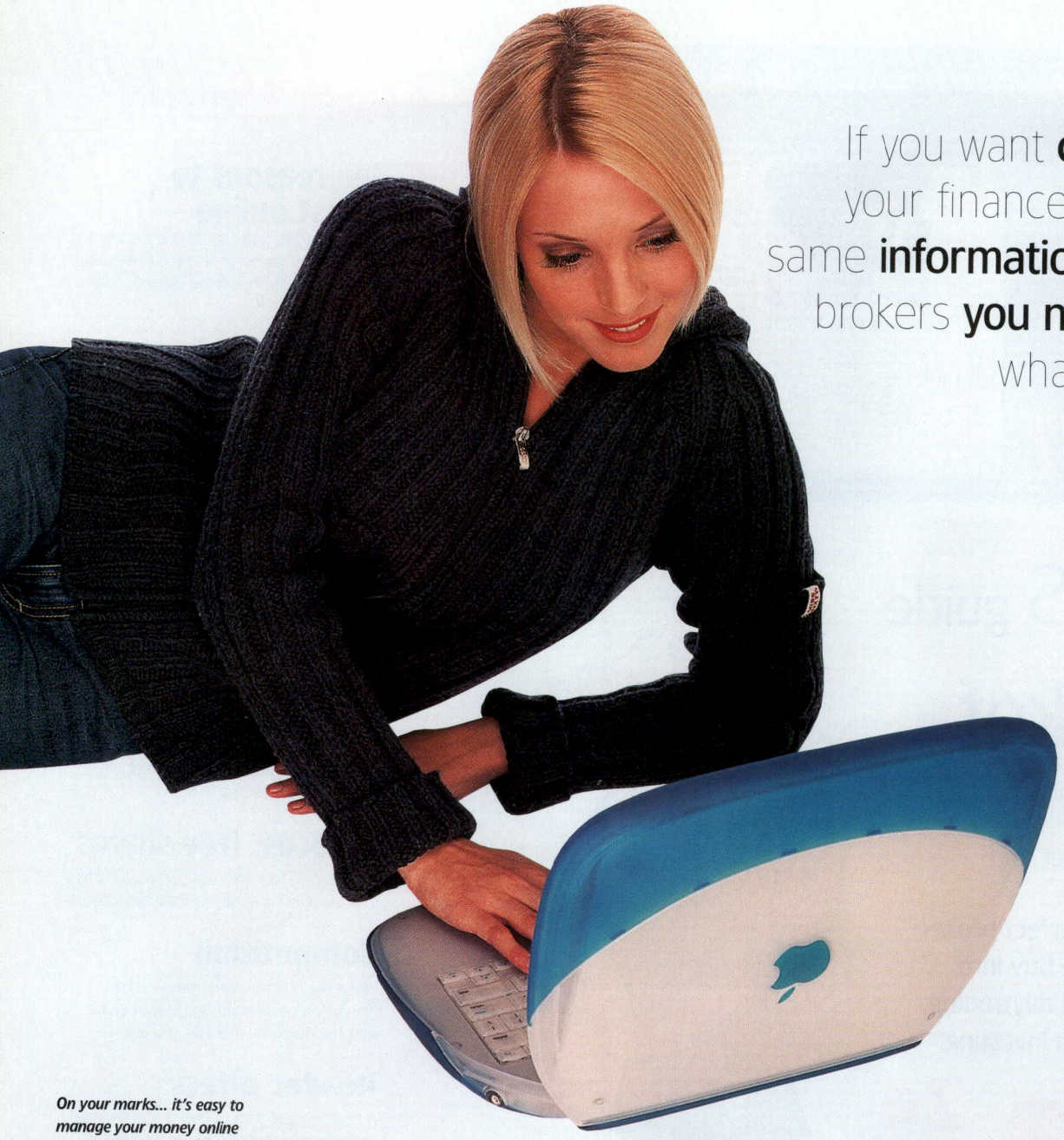


On your marks... it's easy to manage your money online whenever and wherever it suits you

If you want **complete control** of your finances and **access** to the same **information** as the banks and brokers **you need the Net**. Here's what it can do for you...

one Save time

You're at work and you're busy. You could make that deadline if you worked through lunch but you have to go to the bank – you need to transfer some money between accounts or you'll have your bank manager on your back.

Sure, you could do that by phone, but you'd like a mini-statement first to weigh up your options. Well, now you can do just that – simply log on to your bank's Web site, enter a few password details and away you go.

It gets better. You can buy and sell shares, apply for a credit card or mortgage or any size of loan in between the two, all without having to budge from your chair or pick up the phone. So, say goodbye to queueing in banks and that awful music that's played when your call is put on hold... and put your reclaimed time to better use.

Words: Guy Clapperton
Photography: Philip Sowels

ten

two Save money

With a few notable exceptions, the banks have twigged that they can save a lot of money by letting you bank online – if phone banking cost them less than traditional branch banking, then Internet banking costs them less again.

Did you know that you can get a cheaper loan if you borrow through the Net or that you can get better cashback terms on credit card purchases made through your bank's Web site? Egg will cheerfully give you a two per cent rebate, instead of one per cent, when you buy from its approved suppliers through its Web site using its Visa card, and more companies are going to join the fun soon.

The Internet has facilitated the buying and selling of shares, too, and it's cheaper. A lot of brokers are now offering Internet share trading, and as it costs them less to manage the service, it costs you less to use it. What's more, your sale is confirmed while you watch.

three Rack up the interest

Fed up with interest rates being low? While they're great for your mortgage, they're lousy for your savings. But by saving online, you can benefit in two ways: you can check regularly to see who's offering the best rates; and you can invest your money online and get better rates from Internet banks.

Egg, for example, will let you have a better rate if you handle your account only through the Internet rather than using the phone (you can use the phone but the rate will be less favourable). Egg is the first of many companies to be offering its Net-savvy investors a better deal – more are joining the bandwagon every day.

Going **online** and managing your **finances** from your **computer** puts you firmly in the **driving seat**

four Reap the rewards

The great thing about having a new way of banking, share dealing, credit card borrowing, organising pension schemes and arranging mortgages is that big companies are coming in quickly to try and win over as many customers as possible. They are falling over themselves with promotions, offers, extremely low borrowing rates, negligible commissions and high investment rates to attract your attention. But, like all good things, this bonanza won't last forever – so get in quick. Watch also for American brokers starting up here and waiving their fees altogether while they get set up, and for Internet credit cards offering really low interest for the first six months. It's all about gaining your custom, so get out there and take advantage.

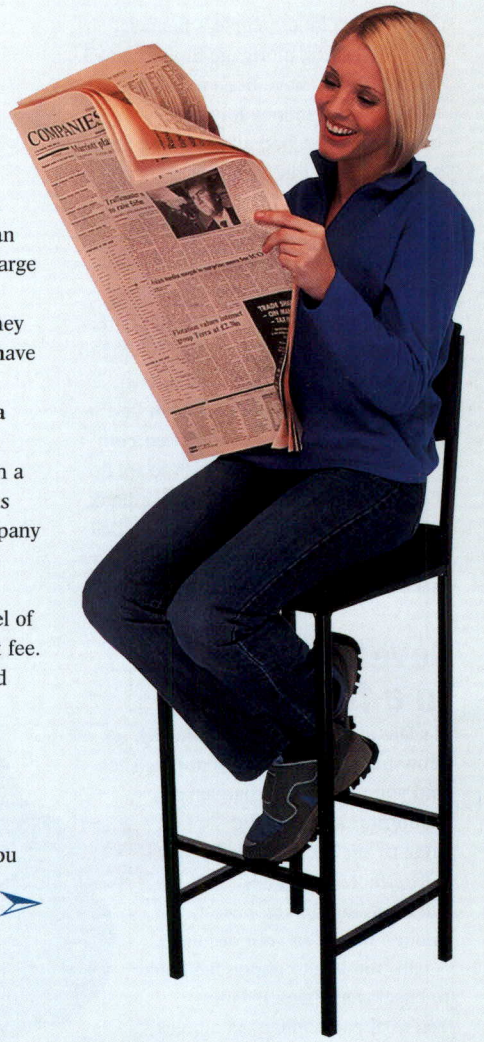
five Beat the broker

Ever used a financial adviser? Then you'll know that they have all the cards stacked in their favour. They have the information. Their job is to know what's on offer, so they can sort out the best deal for you and charge either you or the company they recommend for the privilege. Only they have this much information, so you have to trust their judgement.

Well, not any more. We went to a reputable mortgage broker and were quoted what sounded a good deal on a new mortgage. Its only drawback was the £1,000 arrangement fee the company wanted up front. So we logged on to **www.moneyextra.com** and found another mortgage, the same low level of interest but without the arrangement fee. We told our broker, who then waived their fee as well.

six Take control

Going online and managing your finances from your computer puts you firmly in the driving seat. Until now, you'll have noticed that there



Get set... the Internet is now the source of the best deals and the hottest tips

reasons **why** you should invest online

ten reasons why you should invest online

are a lot of people – financial advisers, mortgage brokers, stock brokers – who have been only too happy to spend your money for you, and because they've had all the information, you've had to grin and bear it.

Thanks to the Internet, that trend is now dying. If you want to know who's offering the best mortgage, then take a trip to **www.moneyextra.com** to find out. If you want to see how your share portfolio is performing without having to sift through all the prices on teletext, and you want to know now, then find out in seconds at **www.ftquicken.com**.

And of course, if it's quick to set up a credit card account or to open a bank account, it's just as easy to change it all again in seconds. For once, the cards are stacked in your favour.

seven Get cash in a flash

It's late at night, you're on the Net, browsing your favourite shopping sites and you spot a great bargain at **lastminute.com**. It'll be gone by the morning and only a fool would miss out on it. But do you have enough money in your account?

It's too late to phone the bank to check your bank balance. You're already online, so a quick visit to your bank's online facility and you can transfer money from one account to another with ease – and you've paid way under the odds for a holiday in the Caribbean.

eight Keep up with the City

Want up-to-the-minute prices for your share portfolio? Want company reports and news on possible trades? Forget Ceefax and think Internet.

If you want your share dealing backed up by older reports as well as the current information; if you want to see independent commentaries from some of the best analysts around the world, have access to the same information as the brokers, and the ability to trade your shares the moment you see movement in the stock market, then the Internet is the only place to be.

Go for it... buy and sell your shares as soon as you want once you're trading online

Can your **current account** cover that great online bargain? Yes – but only if your **savings** are online, too

nine Fine-tune your finances

Back up your online activity with some personal finance software such as Intuit's *Quicken* or *Microsoft Money*. If you want an amount translated into another currency, for example, your computer can use the Internet to look up the current rates for you. It can do the same for your share prices and, if you run a small business, it can keep you bang up to date with the latest tax rates and payroll information.

It can download all the latest business and financial stories in which you've expressed an interest. It can alert you when you're spending too much and it can tell you when you have money to save. Better than that, you can hook it up to your Internet bank account so your information is never out of date and all the transactions you enter from your desktop become 'real' immediately.

ten Gain inside information

Say you've heard that there's a new credit card out but you're not sure whether there are hidden charges. What better way to find out than by asking someone who's already got one? Enter an Internet newsgroup – a massive discussion board where you can put a question up and wait for someone with the right experience to answer.

You can draw on the combined expertise of thousands of people just like you. You'll find most people are only too happy to share their experiences with you. Now, that's consumer power!

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News from the world of online personal finance

update

IPO ALERT

News of companies about to float in the UK (New Issues) may have slowed as we approach the festive season, but the US IPO (Initial Public Offering) markets seem buoyant.

- **GRIC Communications**, the roaming Internet access company, makes its float on the Nasdaq in January and, despite making a heavy loss ($17.9 million) last year – the result of startup costs – looks to have a healthy future ahead of it.

- **Hotel Reservations Network** is another US Initial Public Offering in January. Based in Dallas, the company is worth checking, despite the fact that, like many of its online ilk, it made a loss of $8.6 million on 1998 revenues of $66.5 million.

- **Infonet Services** is headed for a January IPO on the NYSE. Unlike many other IT/Internet companies, it's profitable, generating $4.6 million profits on $303 million turnover last year.

- **McAfee.com** is already listed but the IT security company is expected to float 6.25 million shares at around $7 per share in December.

- **Metlife** is a US mutual life assurance company with an expected capitalisation of $15 billion. Like our own demutualising insurance companies, it will have a wide shareholder base.

Tax-free shares boost

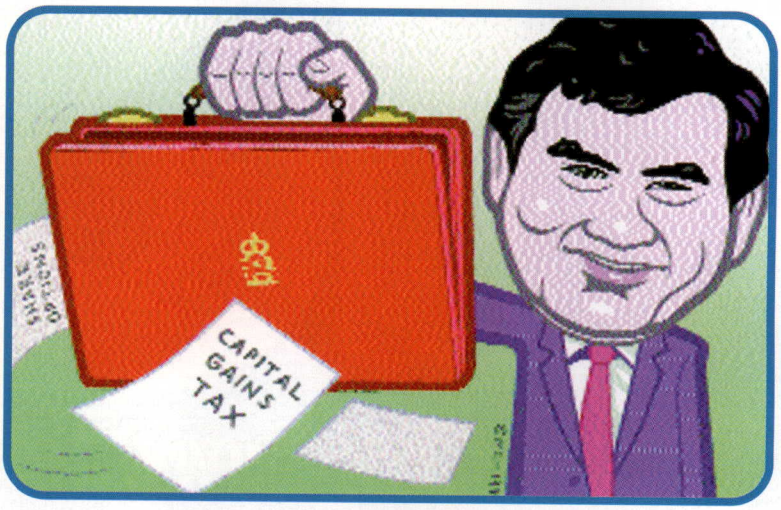
Stocks & shares New tax breaks for employee share ownership

The Chancellor has announced plans to give big tax breaks on employee share ownership from April 2000. Gordon Brown's proposal is that employees' first £3,000-worth of shares in a company they work for will be free of income tax.

Employers can choose whether to give the shares to their staff or simply give them as a deduction through the company payroll on a gross basis. Employees, meanwhile, can elect to take up to £1,500-worth of shares from their pre-tax salary.

In his pre-budget speech in November, Brown described the scheme as the most generous all-employee shares incentive a British government has ever introduced. "There is only one condition – it is open to employees in every firm," he told the House.

Backing up this important reform is the easing of Capital Gains Tax (CGT) on employee shares of all values. After five years of holding shares, any CGT imposition will be greatly reduced.



Mark Harrison

According to Brown, CGT on investments has stifled enterprise for too long. "Invest for three years and CGT will not be 40% but 22%. Invest for five years and it will not be 40%, or 22%, but 10%," he explained.

Brown went on say that he urged employers and employees to consider long-term investments in their firm's success. Stakeholdings, he said, are preferable to inflationary wage rises.

Brown's relaxation of taxes on employee share ownership drew widespread approval.

Brown said that the government's aim over the next few years is to double the number of companies with employee share schemes.

A SHARE IN THE STARS

SHARE DEALING Online traders who want to practise before they put their money where their modems are can hone their skills on a fantasy stock market specialising in the buying and selling of virtual stocks in movies, celebrities and musical artists. The Hollywood Stock Exchange at **www.hsx.com** is free to join and gives subscribers 2,000,000 "Hollywood dollars" to play with. The idea, as with real stock trading, is to invest in booming stocks in the hope of selling them later for a profit. In this case, movie stars and musicians are the market. So rather than pondering the intricacies of the London Stock Exchange, you could be researching the careers of Neve Campbell or George Clooney instead.

Day trading approaches

Stocks & shares Online share 'gamblers' face big risks

Day trading is almost upon us. The practice of trading within working hours on the FTSE and other markets, moving quickly between stocks to realise gains (and losses) within a day trading period is about to be imported from the US.

Several companies are expected to enter the day trading market in the months ahead and all will use the Internet as their service vehicle.

Internet Investor strongly advises against day trading by all but the most experienced of investors. In the US, where the practice has been prevalent for the last few years, statistics show that two-thirds of day traders lose heavily in the medium to long-term.

Gambling

Day trading is analogous to professional gambling. If you know what you are doing, can afford to lose your stake and have a modicum of luck, then you may be able to make money. But you will be trading against professionals (ie fund managers) whose job it is to spot market gaps and take advantage of them.

The market for day trading is opening up quickly, with low-cost and event-free (for an introductory period) brokers such as **www.deal4free.com** (CMC) and **www.investin.com** competing for business with the likes of **www.sharexpress.co.uk**, the new Halifax share dealing service, which was recently hit by controversy over information security.

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What are the minimum account requirements?
What is "Margin" and how does it work?
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Place your bets... expect a boom in US-style online day trading sites over here

The London Stock Exchange, however, currently frowns upon day trading, as all stock buys and sells are treated as separate transactions on the LSE settlement system. If your broker chooses to extend credit to you, then that is a deal between you and your broker. You are ultimately liable for losses you make while day trading.

Some sites, however, such as **deal4free.com** operate on a CFD (contracts for difference) basis. This means that you do not actually own the stocks in question – the company merely allows you to trade (or bet, depending on your point of view) on the margin of the stock in question.

If you're still game for a punt, then day trading – subject to the provisos outlined above – is now possible. Be warned that debits made via Switch and Visa Delta cards are normally carried out on a same-day or next-day basis, and are subject to current bank limits of £3,000 per day. Furthermore transaction processors usually require, 24 or 48 hours to credit money back to a UK bank account.

Online banking

THE SURVEY SAID...

Research from Barclays Bank suggests that demand for Net banking is set to explode, with predictions that up to 10 million UK customers will be signing up for Internet banking in a year's time. Barclays says it already has more than 450,000 people using its online banking service and is attracting 7,000 more each week.

The research also found that almost half of those surveyed – 41% – would be willing to use Internet banking within a year. Asked whether they would use the service in five years' time, the number of people saying yes increased to over half (56%).

Barclays found that nearly half (47%) agreed that Internet banking would help them manage their finances more effectively. The most popular reason for using Internet banking is convenience (71%) followed by saving time (61%) and providing access to more information (58%).

Customers wanting to register for Barclays online banking can apply at **www.barclays.co.uk**

Leslie Ash, star of Men Behaving Badly, launches Barclays new enhanced online banking service

THE DIRECT APPROACH

MORTGAGES Alliance & Leicester's MortgageDirect operation is actively moving away from face-to-face dealings with clients. Its two latest discount deals are only available to Internet or telephone-based clients.

The first deal offers a discount of up to 1.2% on the bank's variable rate for three years, with a refund of valuation fees and no lock-in/repayment penalties. The second deal offers a discount of up to 1.35% on the bank's variable rate for five years, with some discounts plus freebies on house moving costs. A free (basic) valuation is available.

Both deals offer a £250 cashback and no application or arrangement fees. Contact A&L on 0845 303 3000 or at **www.alliance-leicester.co.uk**.

A TWO-HOUR MORTGAGE

MORTGAGES The Woolwich has enhanced its online mortgage service to allow customers access to a two-hour decision process. Its Rapid Re-Mortgage service goes beyond a lot of online mortgage services, since Woolwich has staff prepared to respond to an online or face-to-face deal within two hours.

Two deals are currently available – 6.75% fixed for five years and 1.25% discount on the variable rate for two years. Loans can be for up to 75% of the property's value. See **www.thewoolwich.co.uk**.

The Web by WAP

Wireless technology Operators rush to provide services as mobile phones go online

NOKIA
CONNECTING PEOPLE
Home : WAP Solutions : Nokia WAP Toolkit
One, two, three
Get going
Nokia WAP Toolkit
The Nokia WAP Toolkit is a generic software tool that makes it easy for you to compose and test your application software that will run on a Nokia WAP Server. The toolkit can also be used in promotions to demonstrate WAP applications. It provides an easy environment for developers to write, test and de-bug applications on a PC-based simulator.

Net access from a mobile phone is now available with the launch of Ericsson and Nokia handsets from Cellnet and Orange.

The advance is thanks to newly introduced WAP technology. WAP stands for Wireless Application Protocol – a transparent data protocol that allows your mobile phone to interact with the Internet.

You can't surf the Internet on a WAP-equipped mobile phone as you would with your PC, because the phone's microbrowser isn't geared up to handle graphics and can't cope with high-speed data transmissions.

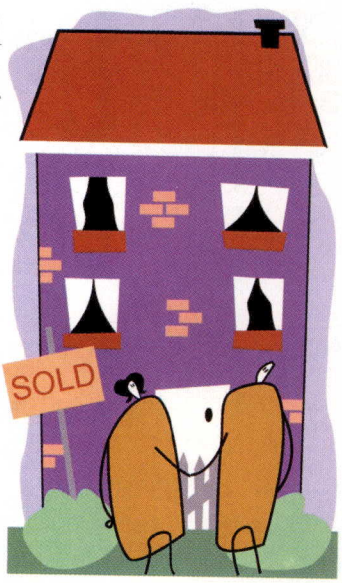
News and sport

WAP/microbrowser handsets, such as the Nokia 7110e (currently £130 from Orange), can access selected data on the Internet and send or receive email.

Orange's WAP/microbrowser services include access to ITN's various news and sport information, local traffic information and entertainment data. Other services now on-stream include access to business directories and lastminute.com, the late holiday and travel booking service.

From next year, Orange plans to offer online banking services via NatWest, as well as a variety of other microbrowser-accessible services. Cellnet should be announcing its range of WAP/microbrowser-accessible services by the time you read this. Vodafone and One-2-One shouldn't be that far behind. Interactive share dealing and other financial products will arrive in spring 2000.

If you'd like more information on WAP and obtaining microbrowsing handsets, see www.cellnet.co.uk, www.phone.com, www.orange.co.uk or www.xwap.com.



Gary Kempston

PROPERTY PORTAL

MORTGAGES Web portals including CompuServe, Lycos, MSN and Netscape all offer access to their own money sections but Excite (www.excite.co.uk) has launched a consolidated financial data section using a selection of information lifted from other specialist sites.

These sources include Interactive Investor International (www.iii.co.uk), John Charcol's specialist online mortgage site at www.charcolonline.co.uk and the curiously-named Entrepreneur's Mortgage service at www.emfinance.com.

So rather than having to point users in the direction of several other links, Excite transparently overlays data from the financial sites and makes it appear as its own. The site includes access to the daily financial newsfeed from MoneyeXtra (www.moneyextra.co.uk).

When we visited the Web site, Excite's service correctly identified some of the best mortgage deals available in late November, namely: Stroud & Swindon's fixed deal of 2.95% and Nationwide's cashback deal. The site also includes details of some 100% mortgages – an area often overlooked by competing financial Web portals.

Internet Investor would still advise readers to consult with an IFA or similar independent advisor before remortgaging (or going for a mortgage).

MONEY MATTERS

Cutting costs every issue

New names among credit card providers are offering speedier money transfers, which is good news if you manage your finances online.

The choice between credit card providers has traditionally involved a search for cards giving the most money back or points, or the lowest interest rate. A feature becoming important for those of us who manage our finances online is the ability to input money very quickly.

A&L's Money Back card (www.allianceandleicester.co.uk) is a case in point. A&L owns National Girobank, which gives it direct access to the BACS network, so payments made by BACS from English banks only seem to take one day to reach your account, rather than the usual two.

The Money Back cards are available in standard, gold or platinum flavours, and offer 0.5% payback on spending up to £4,000 and 1% on amounts up to £20,000.

Savings link

Sainsbury's Bank (www.sainsburysbank.co.uk) is another bank that pushes money through to its own credit cards in real time.

Money switched from the Sainsbury's savings accounts (with interest from 4.5%) goes into your Sainsbury's credit account in real time. High street banks that offer this facility still take two working days to move your money across.

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ONLINE BANKER

NEW OFFERINGS AS ONLINE BANKING TAKES OFF

Britain's banks are rushing to provide online banking services, but they already face fierce competition.

Four of the big five banks (Barclays, Lloyds/TSB, NatWest and RBS) are now offering Internet banking. HSBC's (Midland's) PC banking pilot is expected to reach the Internet early in 2000.

Dismal rates

The interest rates on the Big Five's offerings are currently pretty dismal, though. Little wonder that relative newcomers such as Citibank (**www.citibank.co.uk**), Egg (**www.egg.co.uk**), First-e (**www.first-e.com**) and Smile (**www.smile.co.uk**) are picking up customers with more competitive rates.

Citibank's current account pays in excess of 4% but you'll need £2,000 – or commit to paying in your salary – to open your account.

Egg's savings accounts pay 6.3% at the time of writing but the Web site seems overloaded, owing to the volume of people signing up to the Egg Visa credit card (4.9% for six months, 9.9 thereafter).

The Web sites from First-e and Smile (from the Co-op bank) seem more robust than most of the other online high interest accounts (excluding Citibank). As we went to press First-e is paying a healthy 6.51% gross to most customers.

First-e should be ready to launch its current account and credit card services early in 2000, and there is every sign that the services and interest rates will be very competitive. The bank is likely to link with RBS for its current account facilities – it already uses RBS to feed money into and out of the UK BACs network.

Marbles (**www.getmarbles.co.uk**) is another low-cost online card that is almost as well-specified as the Egg card. Launched by US-based HFC bank, the Marbles card charges 5.9% for six months and 15.9% thereafter. Unlike Egg, there are no reported 'teething troubles' with its Web services. Marbles' account decisions and account access are all online.

Millennium

Stocks & shares Start watching for the best buys

Worries about IT problems arising from the year 2000 changeover could mean that some former computer retail high-fliers will experience a slump in 2000.

This is partly because many corporate buyers have been freezing or slowing down their IT purchases since the autumn and are likely to continue to do so until the spring.

However, the same problem is unlikely to hit telecommunications firms, most notably the curiously-named Thus (**www.thus.co.uk**), the new telecommunications identity of Scottish Telecom.

Since its flotation in November, the company's share price has soared from its entry price of 310p to 395p, before falling back to around 335p, valuing the company at £2.5 billion.

Management team

Scottish Telecom is a highly intelligent company, having acquired Demon (**www.demon.net**), the UK's original flat-rate Internet service provider, a short while ago.

Thus also has a high-powered management team and could be one to watch out for in 2000.

Another company worth keeping an eye on during 2000 will be Vodafone (**www.vodafone.co.uk**). At the time of going to press, Vodafone is currently embroiled in an audacious £70 billion hostile takeover of Mannesmann in Germany. This bid has a 60/40 chance of success but the firm's share price has been dragged down by expectations of reduced profits.

If the acquisition goes ahead, not only would it be the largest hostile takeover in history but Vodafone's share price should bounce back. It will be buoyed up by the spin-off acquisition of rival Orange (**www.orange.co.uk**), which

TRACK RECORD

NB: These figures correct at time of going to press

Steaming ahead or lagging behind? Here are the shares that have held our attention over the last six months...

THE WINNERS...

ARM Holdings After years of hard work on the RISC processor, ARM's R&D efforts are paying off with an almost 700% rise over 12 months.

Durlacher A whacking 2,800% rise in the last 12 months (400% in the last six) signifies an IT research company that has hit the big time. Close deals with BT and other industry majors have helped.

Redstone Telecom A recently-floated but well-established telecoms player, Redstone is especially strong on the lucrative 0845 Internet access and premium rate front.

Surrey Group A 900% rise in six months for the casino and leisure group. Does this tell us something about the nation's leisure habits?

... AND LOSERS

Action Computer Supplies Down 60% in the last six months. This is a supply/service company whose mail order operation has been hit by the surge in Internet sales.

Gresham Computing Down 70% in the last six months, it's an unusual example of an IT-relevant stock that took a dive.

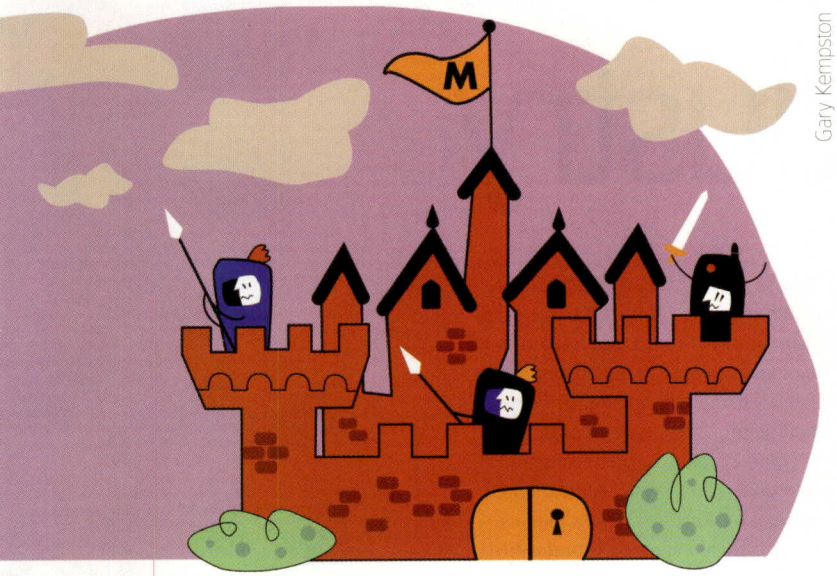
Somerfield Somerfield may be competitive on prices but it hasn't performed quite so spectacularly on the stock market. Unlike some of its rivals, Somerfield is down 60% in the last six months.

Transtec Down 70% in six months. Another pan-European IT services group that has gone against the general IT trend.

Freeserve The free-to-subscribe ISP, floated in the summer, soared gracefully and then hovered below its flotation price.

market

of 2000



Gary Kempston

Mannesmann has just acquired. Orange must be relisted on the London Stock Exchange to allow Vodafone to gain regulatory approval for its acquisition of Mannesmann. For Vodafone, the Orange sale could be a licence to print money.

Even if the Mannesmann deal falls through, there will be other major acquisitions for Vodafone, which is relatively cash-rich at the moment.

A slightly more perverse buy for 2000 is Northern Rock (**www.northernrock.co.uk**), the former building society turned bank.

The bank's share price – 385p – looks a good buy, considering its flotation price of 470p a few years ago, and despite it having soared to more than 600p at its height.

The bank has suffered sizeable withdrawals by depositors in the wake of it being ranked third in the Consumer's Association's (**www.which.net**) worst mortgage lenders. It has also taken a general drubbing for the way its savers have been hit by the use of bonus rates and account closures.

Northern Rock looks to be a good buy, simply because it is ripe for takeover, under-valued and has just announced the closure of a third of its branches to save operating costs.

NET SAVVY

Web wisdom for the savvy investor

New deals and offers from Internet service providers are bringing down the cost of being online. Not only are there now more than 60 free-to-subscribe ISPs but the battle is hotting up to offer cheaper phone access too.

America Online (**www.aol.co.uk**) is luring customers with a monthly fee of £10 plus one pence per minute at all times for Web/email access.

And NTL (**www.ntl.co.uk**) has a deal of one pence per minute plus 3.5 pence per call handling charge.

Other 'free' ISPs are currently offering free-all-the-time or free-off-peak Internet access, providing you route your phone calls across their network or sign up for their complete phone service, such as GreatXscape (**www.greatxscape.com**) and screaming.net (**www.screaming.net**).

Online bargains of a different sort can be found at Screentrade's (**www.screentrade.co.uk**) newly revitalised Web site.

This now has online access to 17 motor insurance firms, as well as 30 insurance companies. For more information, see our Insurance Net Gains feature on page 62.

The new Screentrade site coincides with a new reason to think carefully about which insurance companies you use, especially if you're about to choose an endowment or pension.

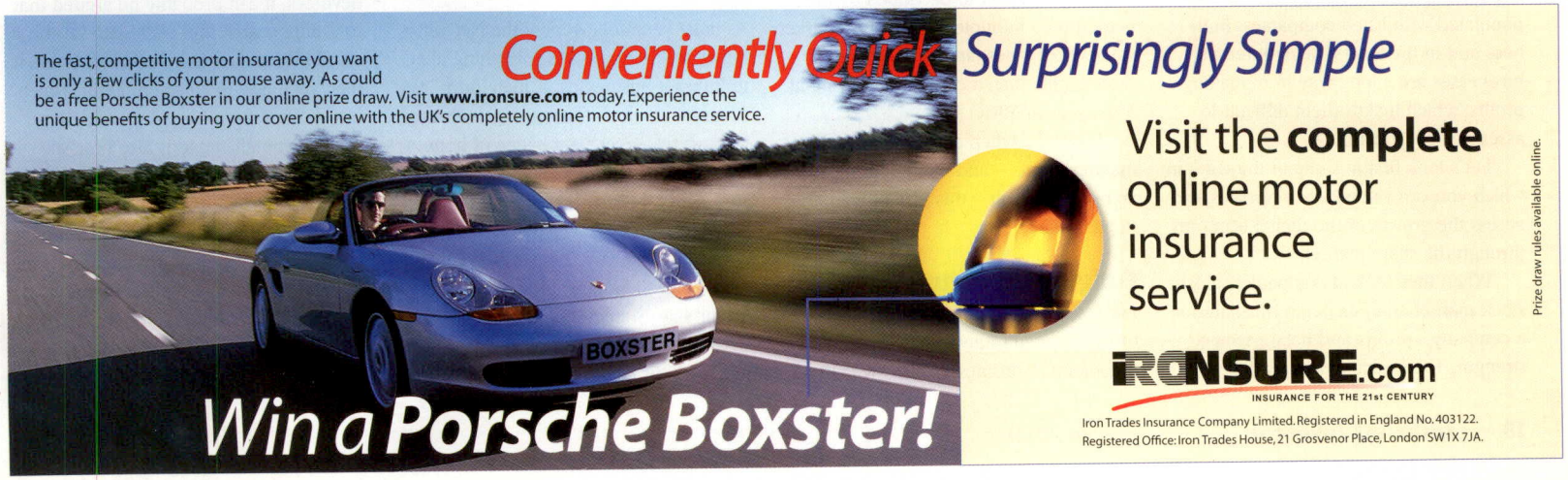
Experts expect the focus of carpetbagging (the art of cashing in when a mutual organisation goes public) will switch from building societies to insurance companies in the near future.

Look at **www.carpetbagger.com** for the 'hit list' of organisations that are likely to demutualise.

ONLINE TRADING ON THE UP

STOCKS & SHARES A survey by Compeer and the Association of Private Client Investment Managers and Stockbrokers (APCIMS) has found that online investments more than tripled in the three months to September 1999, with transactions rising from 51,000 to 155,000 in the second and third quarters.

Compeer says it fully expects the number of online transactions to triple once again within the next two quarters. This will mean, the firm says, that 20% of deals will be completed online by Q2 of 2000. Compeer can be contacted at **www.compeer.co.uk**..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stockwatch

Inside the IT & Internet industry

Each month we will look at a different market sector of interest to the **private investor**. We kick off by examining the **IT/Internet industry**

Text: **Peter Temple**
Illustration: **Lesley Saddington**

One of the best investment maxims is 'Know what you own and own what you know', so if you're into IT/the Net, it makes sense to check out this investment opportunity, too.

Because the Net in its mass market form is such a relatively new medium, in UK stock market terms it is still sparsely populated with listed companies. Both here and in the States, many Internet businesses are a long way from making profits, which makes them difficult to assess as investments.

Let's look first at some of the ways in which you can value Net companies and access the growth of the digital economy through the share market.

When they look at companies, most stock market analysts begin by analysing a company's profits and balance sheet strength. They calculate ratios that compare profits with the market price of the shares or the overall stock market value of the company, and then relate this to the rate at which profits are growing. The reason for this is that it's usually worth paying a higher price for profits that are growing rapidly.

A company whose profits are growing consistently at 20 per cent a year might expect to be valued by the market on a multiple of profits-to-market value of 20 times, and certainly rated more highly than a company growing at 5% a year or 10%.

However, when companies aren't making profits – and many Internet companies aren't – this way of valuing them breaks down.

Fudging the figures

Ever ready with ingenuity, analysts have turned instead to a variety of other ways of looking at businesses like this. One of them is a looser way of looking at the market value-to-profits idea. Instead of using profits after tax and interest paid, the idea is to look at underlying profits before charges are applied and before book entries such as depreciation.

Market value, or more commonly enterprise value (which is the market value of a company's shares plus its debt), is then compared with this EBIT (earnings before interest and tax) or EBITDA (earnings before interest tax depreciation and amortisation) figure.

Often, though, Internet businesses don't have any profits at this level either, so analysts have fudged the issue by looking simply at the ratio of stock market value to the company's revenue, on the basis that if the revenue grows sufficiently, then the profit will follow in due course.

Another way of looking at Web-based businesses is in terms of the value of their user base. Common methods are to take revenue per subscriber/user, or compare a multiple of page impressions on the company site with that of similar companies at home and abroad.

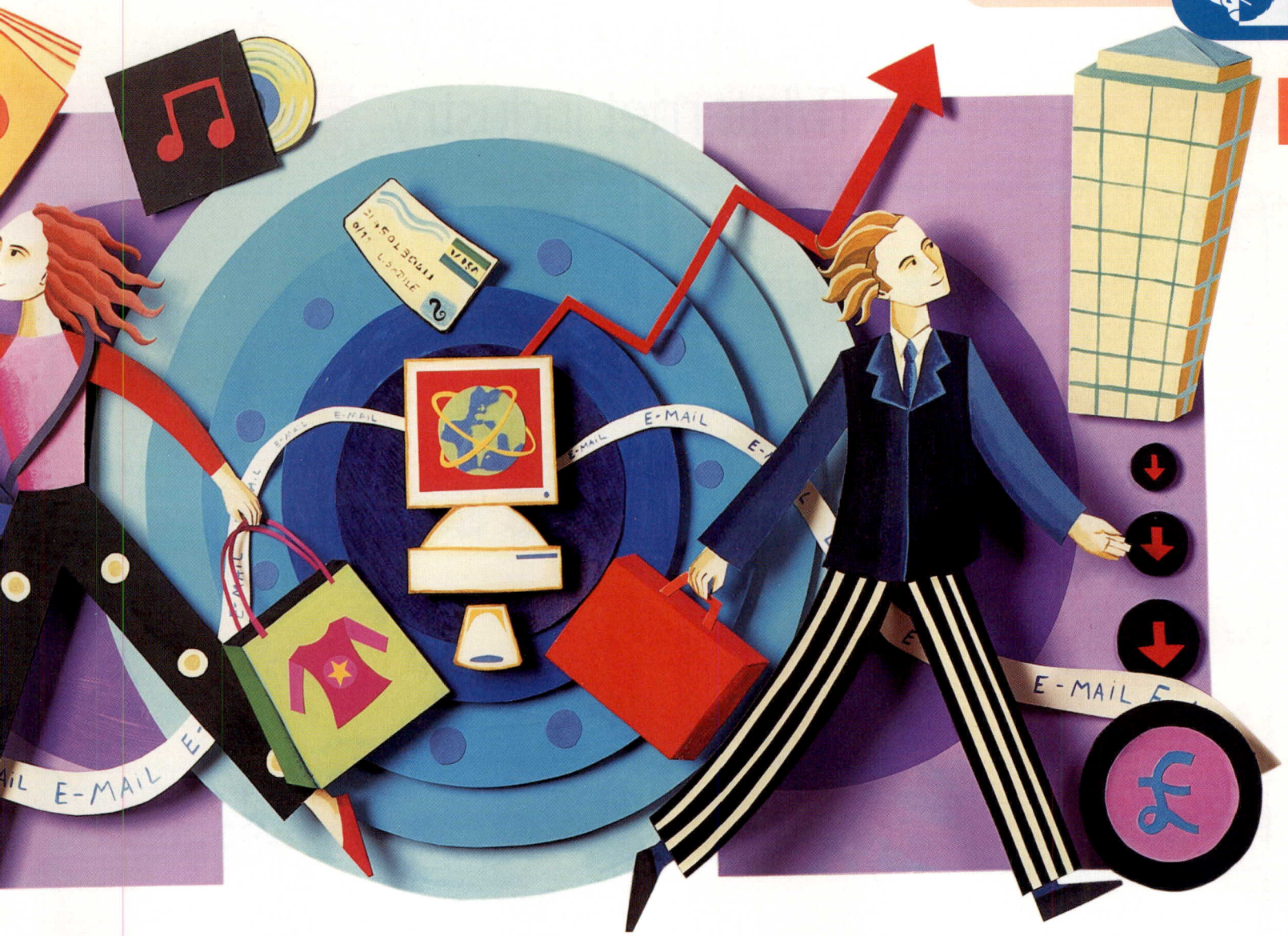
Up for grabs

As most keen followers of the Net will know, making profits is something alien to Internet businesses. A high 'burn' rate (the rate at which a venture gets through its cash resources) is a badge of honour; a low one is regarded as a wimpish sign, suggesting that the business strategy adopted hasn't been aggressive enough.

The idea is that the Net is a 'land grab', with the toll bridges of the future up for sale. Supposedly, those who move quickest without counting the cost too much will be tomorrow's giants. We don't buy this argument, because the difference between the gold rush style of land grab and the cyberspace equivalent is that there is no intrinsically limited resource and there are few barriers to the entry of new competition.

The best example of this can be found in the evolution of search engines. While Excite and Lycos have their devotees, it can probably be argued that as a pure search tool, AltaVista set the standard for quite a time. In our book, it then gave way to Northern Light, which has itself perhaps been superseded by FAST. Some aficionados also now see Google as the up-and-coming one. You could have used the 'land grab' argument about AltaVista a few years back and been proved wrong.

The other good analogy with a gold rush represented by a scramble for Internet properties is that, in the California gold rush in the 19th century,



the people who made the money were the people who operated brothels and sold picks and shovels to the miners. In other words, the best investments may not be the sites themselves, but those companies that supply the Internet community with tools and services.

Cast your virtual net

Using this argument means you can cast the Internet investing net into a number of different areas in the broader IT sector. Even here, spotting the areas that are likely to prosper is not always easy. IT hardware, for instance, has long been a tricky market in which to make money, and good investments have been few and far between, while agency businesses such as recruitment houses were good for a while partly on the back of work related to the Euro and the millennium, but are now less attractive.

Similarly, content businesses have been a minefield for investors, with businesses such as Dialog and MDIS performing alarmingly at times in share price terms. Dialog's problems have stemmed mainly from its ambitious acquisition a couple of years back of the much larger Knight Ridder business.

Some **online brokers** may soon offer the ability for **UK investors** to deal seamlessly in non-UK shares

Software and services businesses alone have been the place to be, although even here the imposition of a Y2K 'lockdown', with corporate customers forbidden to install new software until after the turn of the year, has upset some calculations.

One plus point is that the London Stock Exchange has belatedly chosen to give greater prominence to technology companies with the creation of the TechMARK, a new market specially created for this sector. However, cynics in the City (never in short supply) doubt that, in an investment market where global comparisons are increasingly being made, the move is a sufficiently bold one to make much difference.

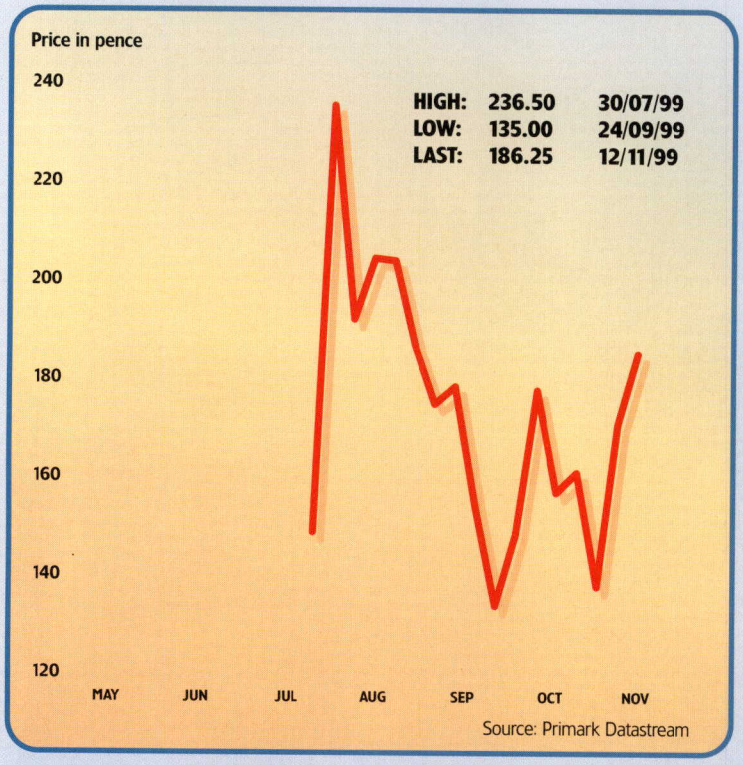
Going global

In this context it's worth remembering that some online brokers may soon offer the ability for UK investors to deal seamlessly in non-UK shares with all the complexities such as foreign exchange and offshore custody taken care of. Once this happens, dealing in Microsoft will be as easy as trading in Misys and buying shares in Cisco as easy as purchasing Computacenter. Using the Web to garner information on well-known companies means that it is just as easy to make investment judgements about US companies like this as the other familiar, home-grown names.

For a good store of background information on various software and computer services companies, have a look at Richard Holway's site at **www.holway.com**. Among newsletters offering specialist advice on technology stocks, probably the best is the Dublin-based *Techinvest.*

Over the next three pages we evaluate a selection of IT/Internet companies

stockwatch: the IT/Internet industry



Freeserve

Freeserve, as the original Internet share flotation in the UK, was bound to generate a lot of excitement among investors. And it did. But the real question now, after its mid-year debut and with a share price that for a long time was not much different from the 150p issue price, is where do things go from here?

If you believe the numbers Freeserve is strengthening nicely. Its latest results show that its active user numbers are rising and the churn rate (the rate at which users turn inactive or defect to other ISPs) is falling. More importantly, Freeserve is making some major strides at turning itself more into a portal than an ISP.

Contrary to the impression some people may have, it generates nearly half of its revenue from e-commerce activities and advertising. The remainder comes from connectivity charges garnered through its relationship with Energis.

New developments

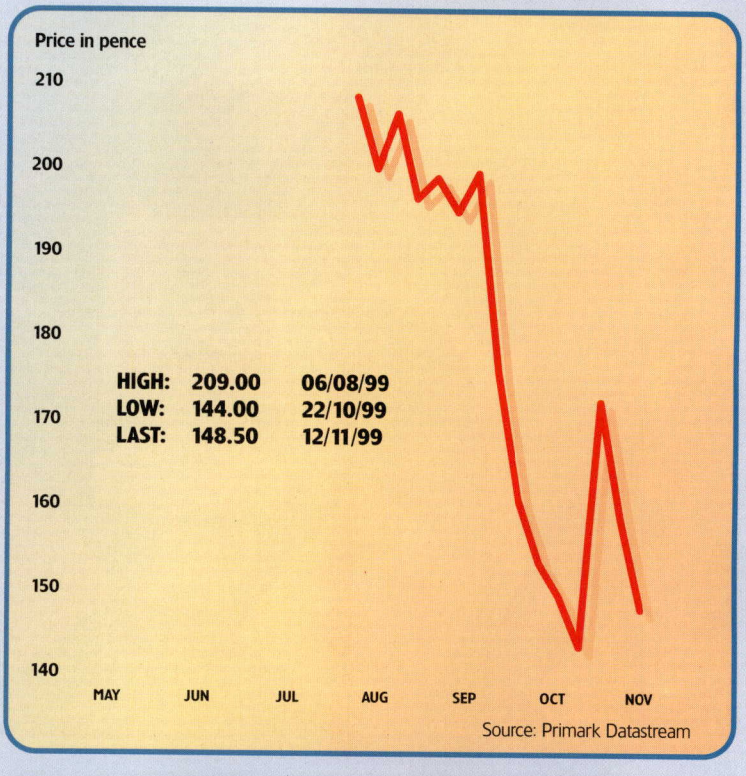
There have been several new developments from the company in the past few months. Among them are a deal with Vocalis to provide speech-activated email services to subscribers, moves to offer share dealing through a joint venture with an American company, the development of an instant messenger service, and the development of an insurance services arm. All the initiatives are designed to capitalise on the power conferred by a base of 1.4m users.

Flotation date: 23 July 1999
Ticker symbol: FRE
Price: 162p
Market value: £1,639m
Revenue: £2.7m
Web: www.freeserve.co.uk

From an investment standpoint, however, it's hard to make a judgement about Freeserve's attractions. One maverick City analyst reckons the shares are worth little more than 60p; others draw comparison with Vodafone, a superb investment for the far-sighted, and Orange. The latter was notable for having been created, developed and sold at a huge gain for investors without ever having made a profit.

The consensus, though, is that Freeserve could lose around £11m this year. This is peanuts for a company of its size. It could edge back towards profits next year.

The more thoughtful City commentators would probably suggest, however, that Freeserve needs to demonstrate convincingly that it can generate substantial e-commerce revenue from its huge subscriber base before the share price will start to become in any way predictable.



The eXchange Holdings

The eXchange describes itself as a a long online personal finance infomediary for businesses and consumers in the UK. Services for business are operated by the company under the eXweb banner.

The company supplies insurance companies, other suppliers of savings and investment products, and independent financial advisers with information, quotations, and an online transaction system. Products covered include life assurance, pensions, unit trusts and mortgages.

Its activities also include the MoneyeXtra (**www.moneyextra.com**) consumer Web site, which is similar to its business-orientated service, but which deals direct with the consumer. The company has also recently acquired the longer established MoneyWorld (**www.moneyworld.co.uk**) personal finance portal. This has brought in a further 250,000 regular users to the stable.

MoneyeXtra majors on the ability to offer independent comparisons of a variety of savings and investment products. The validity of its business model was demonstrated recently when the software giant Misys, which has long had an interest in the insurance arena, announced that it was planning to set up a similar business.

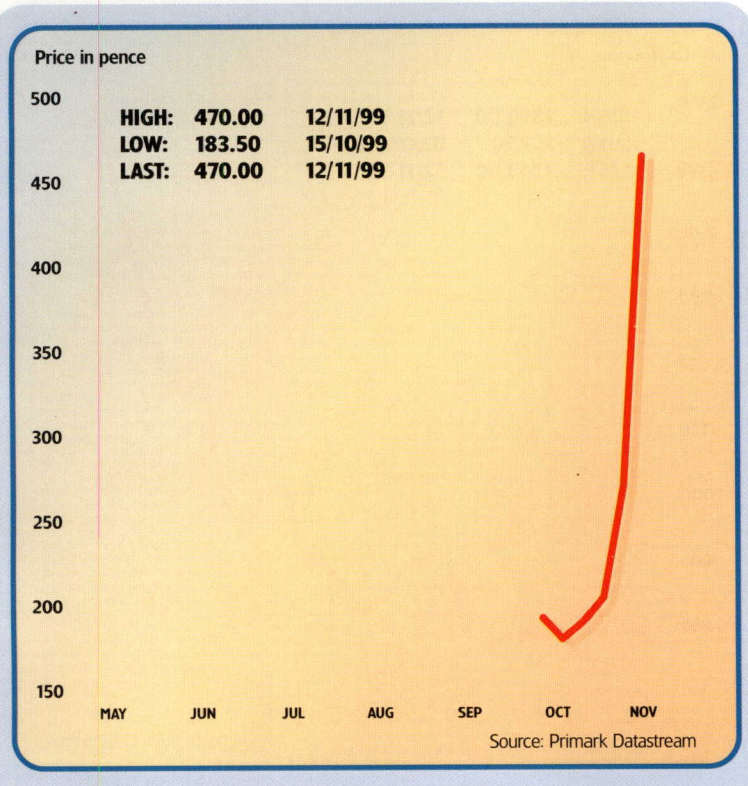
So although eXchange has a slender lead, it is about to get a major competitor. The company's revenues are currently running around £17m, compared to its market value of over £300m. Although the company has made profits in the past, this year looks as though it will have seen increased losses.

Flotation date: 5 August 1999
Ticker symbol: EXC
Price: 172p
Market value: £360m
Revenue: £16.6m
Web: www.exchange.co.uk

Survival of the fittest

Longer term, the picture looks better. Just to survive, independent financial advisers will have to embrace the Web as a way of cutting their administrative costs. And consumers of financial products who do not feel they need advice will also use online information to make judgements about which products to buy, and accept that buying products like this online can save them money.

It's probably this aspect of the business that has meant that professional investors have been prepared to continue backing the company: eXchange recently raised another chunk of cash by selling shares to existing institutional shareholders. Venture capital group Apax is hanging on in there with a shareholding of more than 20%.



QXL.com

A few years ago journalist Tim Jackson went to live for a year in Silicon Valley to research a book on Intel. He came back with the idea for QXL, an online auction business.

Jackson had spotted the potential in businesses like eBay before it was fully recognised, and especially before any significant moves had been made to establish this type of business in Europe.

At the outset, QXL offered businesses a means of auctioning off computer hardware, software and peripherals to consumers. It has since moved into other products and has also branched out to offer auction services in several European languages.

So it now offers pan-European auction facilities, conducting consumer-to-consumer and business-to-business auctions across five countries in Western Europe (UK, Germany, France, Italy and the Netherlands).

Flotation date: 6 October 1999
Ticker symbol: QXL
Price: 220p
Market value: £260m
Revenue: £2.6m
Web: www.qxl.co.uk

Set to double

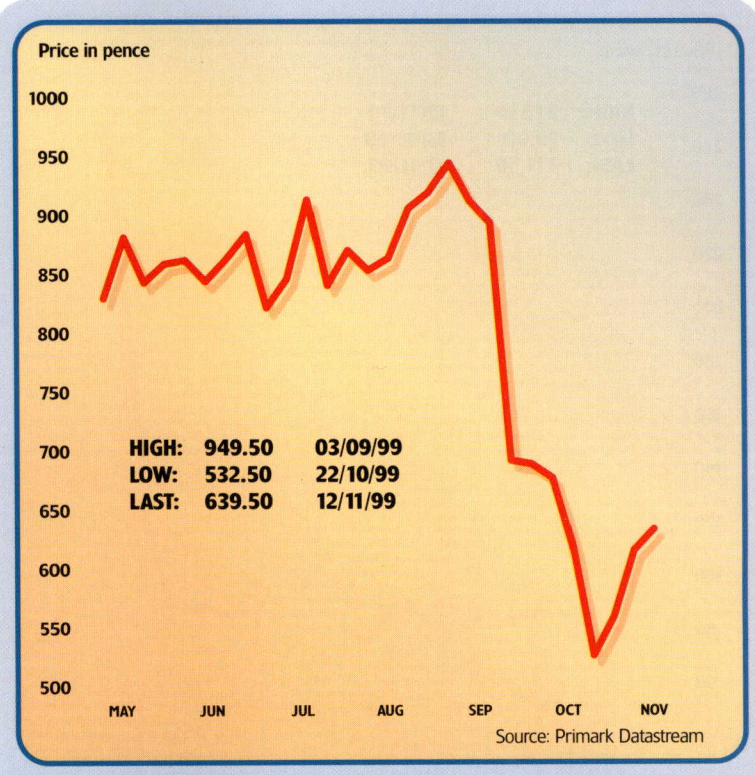
The consumer-to-consumer auctions introduced last year have increased to the point where, according to recent numbers, they represent around 40% of auction values. QXL's revenue, which is directly related to these values, was £2.5m in the year to March. If present trends continue, it looks as though it could double in the current year.

The company is probably some way away from profitability. Furthermore, the timing of the flotation, in the wake of some market disenchantment with technology stocks in general and Internet businesses in particular, led to the shares being priced at a much lower level than was originally anticipated. They have performed reasonably resiliently since then.

The company currently has 210,000 registered users, although clearly not all of those are active, and its market capitalisation of some £237m currently suggests a value per user slightly in excess of £1,000.

As with eXchange Holdings, the real conundrum for investors is the impact of competing auction products from the likes of Amazon, eBay and Freeserve, all of which also have established user bases which may include some of QXL's registered users. The jury's out on the implications of that one for the moment.

Football fans might be interested to know that QXL has been awarded an exclusive contract to auction Wembley Stadium.



Reuters Group

Reuters is certainly worth taking a peek at if you are in search of more conservative businesses to invest in.

Reuters Group is a global firm that supplies news and other financial and economic information to the business community. It operates in approximately 100 countries and is also responsible for Reuters Financial Television.

The company was at one time something of a stock market favourite, but has been a bit accident prone of late, getting into trouble for alleged industrial espionage in its US business (charges were never pressed) and more recently issuing a cautious statement about current trading. As a result, City pundits expect little or no profit growth from the company for the next year or so.

One of the reasons Reuters has suffered is that its core business of selling financial information and trading systems has been hit by the introduction of the Euro and by banking mergers worldwide. The business has also been adversely affect by Y2K 'lockdown' effects – customers deferring installing new terminals because of the millennium.

Flotation date: 1 June 1984
Ticker symbol: RTR
Price: 565p
Market value: £8,032m
Revenue: £3,032m
Web: www.reuters.co.uk

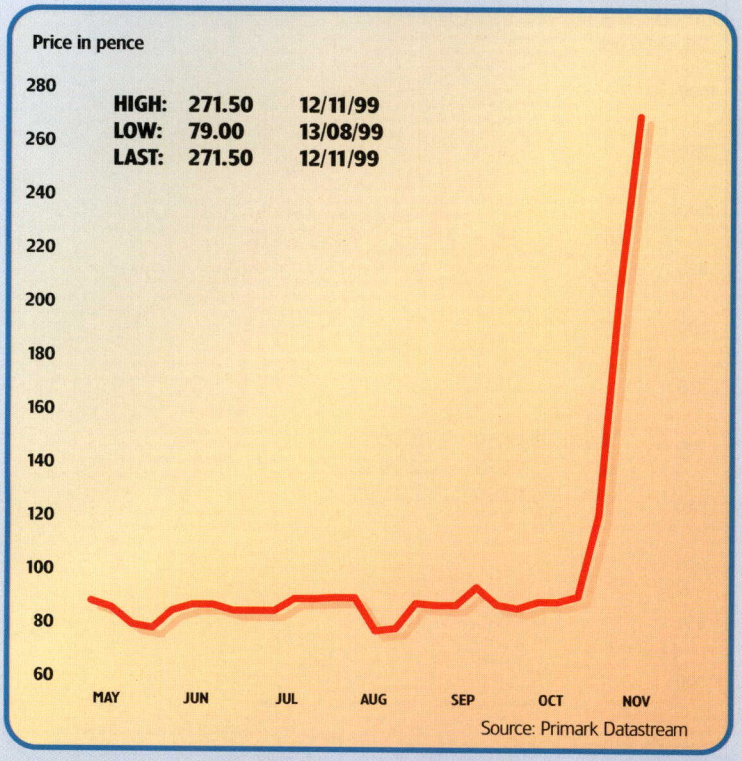
Burgeoning business

In its Internet-related business, however, Reuters has scarcely put a foot wrong. It has built up a thriving operation wholesaling news to major high-traffic Web sites such as Yahoo! and others – it supplies over 225 sites with total monthly users of 12m – and is now making more from its third-party Web-related news sales than from its conventional operations in this area.

In addition, Reuters has been an active and far-sighted investor in Internet start-ups in Silicon Valley through its so-called Greenhouse Fund. For good measure, it also has the major electronic communications network for share trading in the USA, a business which, though facing competition from newer entrants, still has a powerful position in the market.

What makes Reuters interesting is that its recent profit warning, the latest in a series of setbacks attributed to a rather dull top management team, has left the shares under something of a cloud. Moves to revitalise management, shed some of the company's famed layers of bureaucracy, and perhaps even spin off the Internet-related businesses into a separate vehicle could do wonders for the shares.

stockwatch: the IT/Internet industry



Intelligent Environments

Flotation date: 27 June 1996
Ticker symbol: IEN
Price: 208p
Market value: £88m
Revenue: £6.6m
Web: www.ie.com

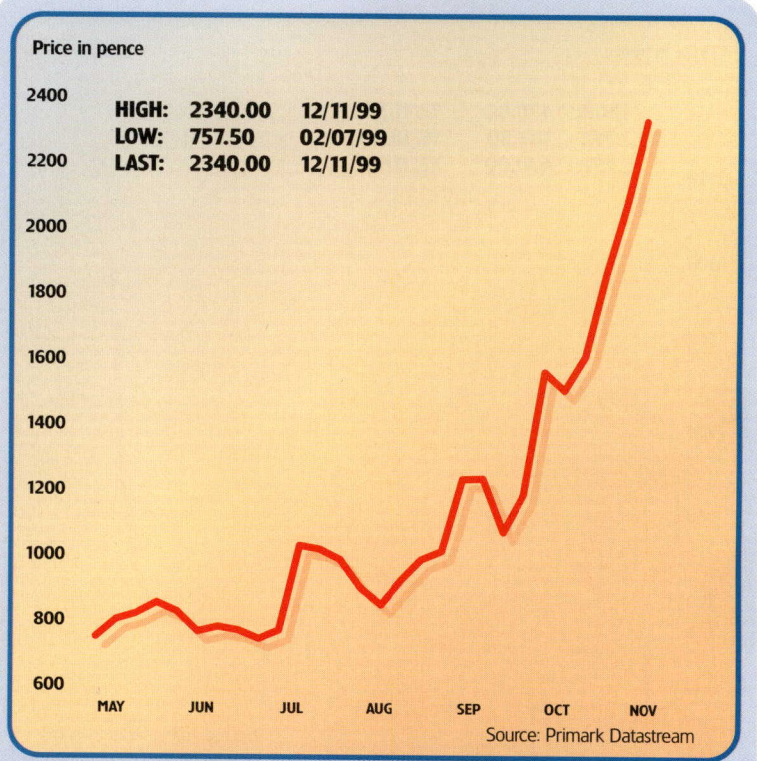
This is a good example of the way investors can gain exposure to the Internet boom through businesses that provide services to companies to enable them to establish a Web presence that adds value. While Freeserve, eXchange and QXL are to a greater or lesser degree orientated towards the consumer, Intelligent Environments (IE), Reuters and Baltimore address the business angle.

IE originally had a business based around client-server software, but in the last couple of years, it has majored on a couple of products that enable companies to translate 'legacy' data into a form capable of being used in Web sites. Applications to date have been focused in financial services, because banks and insurance typically have a lot of legacy data and competitive pressures are forcing them to pursue e-commerce solutions.

Approaching profit

Licence sales of the software have been substantial. Among the companies that have bought it have been Woolwich, Royal & Sun Alliance, Scottish Widows and Axa. More recently, demand for the products has been spreading to other business. Intelligent Environments recently won a major contract for HFC Bank's 'marbles' credit card. It has also sold its software to the RAC for use in the latter's Web-enabled pay-as-you-go breakdown service, Red.

The attraction of IE to investors is that it is tied in to the e-commerce aspect of the Internet revolution and it's further along the road to making a profit than companies such as Freeserve and eXchange. Analysts expect it to move past break-even in 2000 and show sharply increased profits thereafter. One optimist is looking for profits of £2.7m in 2001. If so, it should be one to watch.



Baltimore Technologies

Flotation date: 28 Sept 1995
Ticker symbol: BLM
Price: 2312p
Market value: £675m
Revenue: £9.9m
Web: www.baltimore.com

Formerly known as Zergo, Baltimore Technologies acquired its new name through a merger in January 1999 with the Irish listed business of Baltimore.

The company develops and markets security products and services for a wide range of e-commerce and business applications. These include public key infrastructure systems, cryptography hardware and software and other security applications. Like Intelligent Environments, as the Internet progresses towards a stronger emphasis on e-commerce, products of this sort will be increasingly in demand.

Wide customer base

The company sells in over 40 countries. Its customers include leading financial groups, telecoms companies, and government agencies. It operates from 21 cities around the globe and has some powerful friends. Intel has a 6% stake in the company, for instance. It has recently sold systems to Deutsche Bank and more recently still to a consortium of eight banks for a new international e-commerce network.

All in all it is an exciting cocktail. The company's share price has rocketed in the course of this past year, multiplying tenfold as the market appraised the potential for security products of the type it produces.

Ironically enough, while the old Zergo made money, the combined group has moved sharply into losses as it has made its e-commerce security push. Losses in 1999 are likely to be well in excess of the revenue generated by the company the previous year.

Investors need strong nerves to buy into businesses like this, but there is little doubt that PKI and other security aspects of the Net are an interesting growth area and one where there are few pure 'plays'.

Internet investor

Wealth warning

Note: all share prices quoted are correct at the time of writing. Prices can fluctuate wildly, so for the latest trends and price information consult an up-to-date reference such as Market-Eye, www.marketeye.co.uk

Remember, too, that the value of shares can go down as well as up and investing in shares should only be undertaken after thorough research. Most Internet shares should be considered as volatile and risky. Any investment you make in shares like this should only be done with money you can afford to lose.

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a bluffer's guide to the stock market

You don't have to be in the City to **make a slicker return** on your investments. All it takes is a Web connection, a little **preparation** and some **common sense**

Text: **Roger Shezall**
Illustrations: **Craig Conlan**

Back in the late 1600s, gatherings of rich guys, decked out in flowing wigs and snug trousers, would meet in the coffee houses of London to talk trade. They would sip java, discuss life and times, and buy and sell stakes in business ventures.

This being the age of exploration, many of those business ventures often involved swashbuckling types with an eye to a little overseas exploitation. They would use these wealthy coffee drinkers to finance the building and fitting out of ships. And, to do this, they would sell shares in the enterprise. Cargoes of spices, bullion – even slaves – fetched big money. If your 'ship came in', your shares made a spectacular profit. If it didn't... well, there was always the poor house.

This was the forerunner to the stock market. There was next to no formal structure, no regulation nor paperwork. Deals were done on a handshake and the word of a gentleman. In fact, the motto 'My word is my bond' still appears on the Stock Exchange handbook today.

Three centuries later, the principles behind the market have changed little. It is still a forum for companies to raise money from investors, except now the market is highly regulated, and it provides employment for vast armies of brokers, market makers, analysts, traders and other assorted suits. What's more, you don't need to be rich or wear a wig – or even drink coffee – to make or lose large amounts of cash. In fact, thanks to the power of the Internet, you can now buy and sell shares in less time than it takes to pour the coffee.

Buying into the future

So, what exactly is a share? When a company needs to raise money, it sells shares to investors, in effect giving you a little piece of its action in return for your cash. As a shareholder, you now own a portion of the business, albeit a fairly small one in the cosmic scheme of things. However, your hope is that in time the company will grow, your small portion of it will grow in value, and you'll receive a dividend payment as a twice-yearly thank-you for parting with your cash in the first place.

Of course, being a part-owner of a corporate behemoth does confer certain rights and responsibilities. Don't worry, you won't be personally liable if your company's new line in soap turns half the population purple. However, if your company folds, your chances of getting any cash back are thin indeed; shareholders are at the back of a long queue of creditors. But you do have the right to vote on resolutions at the AGM, and some of them just might prevent misfortunes like these occurring in the first place.

Just like any other commodity you own – your house... your car... your collection of Richard Clayderman albums – shares are marketable. You can contact a stockbroker who, in turn, contacts a market maker to take them off your hands. The broker earns a commission, while the market

Thanks to the **power of the Net**, you can **buy and sell** shares in less time than it takes to **pour the coffee**

a bluffer's guide to the stock market

maker turns a few bob by buying from you at the lower, or bid, price, then selling to someone else at the higher, or offer, price. Between these two is the share's mid-price, and that's what you see quoted in the press, online and on teletext.

Spreading the risk

There's an obvious risk from putting all your cash in just one company, so as a canny investor, your aim will be to build a portfolio of different investments in various market sectors. The idea is that, as time goes by, each investment grows, though not necessarily all at the same time.

Now, for example, technology and Internet stocks are booming, while shares in food companies are about as popular as a beef butty in Boulogne. Isn't that odd, given that relatively only a few of us are on the Net, yet we all constantly need food? Think about it.

We can spread risk by investing in different companies or product sectors, but we can also invest in different markets. There are stock exchanges all around the world from Adelaide to Zurich. London is a world leader, but the exchange that really calls the tune is New York.

Stock markets are driven by sentiment – what people think or know, or think they know, about factors affecting markets. What happens in New York tends to be followed around the world. Last year, for example, the US was rattled by the Asian economic crisis. A massive global stock sell-off took place and fortunes were lost. Weeks later, sentiment declared that maybe things weren't so bad, shares soared again and fortunes were made.

One of America's most dynamic markets is the Nasdaq, an exchange index based entirely on technology stocks such as Microsoft and Intel. An investment here could provide a very exciting ride. But surely it's impractical to invest in a market over 3000 miles away? Not with a Net connection.

Turning ideas into action

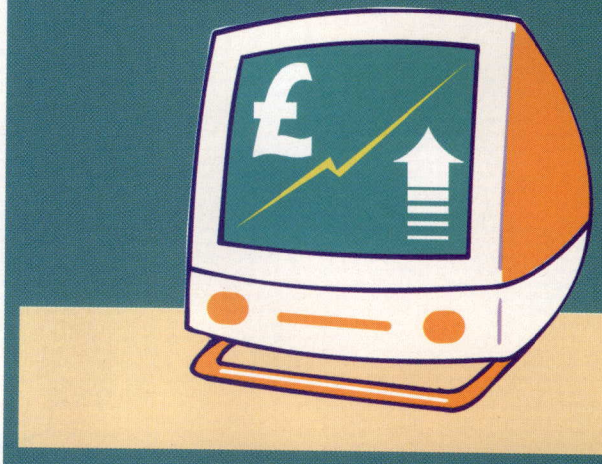
As an Internet investor you now have access to the kind of research information that was once only the preserve of professionals. You can check prices and volumes, read a company's latest press release or accounts, plot its share price graph, even discuss with other investors, via bulletin boards, what their views are on a particular stock. Then, log on to your online broker and trade. It really is that simple.

Can you give up the day job, then? You've got to kidding! The Net provides you with all the tools to do the job, but successful Internet investing is a skill that, like any other, has to be learned.

Start by surfing the investment sites to get a feel of what's available; check out the online brokers; look at sites that provide corporate news coverage such as **www.ft.com** and **www.telegraph.co.uk**; and research sites that offer information on company fundamentals such as **www.hemscott.co.uk**. Then build your dummy portfolio as we have outlined right. See how successful your stock selections are, but before investing for real, consider two final pieces of advice:

- In a bank or building society your money is pretty safe. You won't lose your shirt, which can happen on the stock market. So, only invest money that you can afford to lose.
- Be patient: fortunes are rarely made overnight but history shows that a long-term view is usually profitable.

As a **canny investor**, your aim will be to **build a portfolio** of investments in **various market sectors**



PRACTICE MAKES PROFIT

Develop your trading skills with a dummy portfolio

When you first had a pushbike did you get straight on to the highway and pedal for your life? Of course you didn't. You practised first, somewhere safe, until you got the hang of it. And it worked because, look at you, you're still in one piece.

Now, though, you're getting into something much more risky. So, while you're still a bit unsteady and unsure which way to lean, try this.

Build yourself a dummy portfolio with a starting value of around £20,000. Research some companies and then allocate £2,000 each to your ten favourite ones, without weighting your portfolio to any one category of stock.

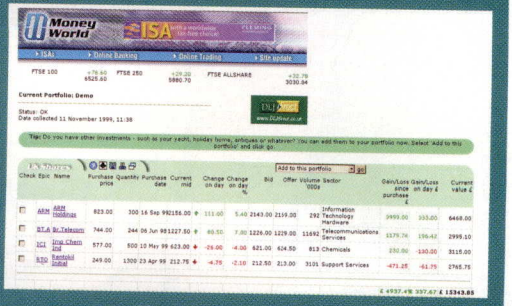
Record all this in one of the many sites offering free portfolio management. Values are updated every 15 minutes or so. Take a look at **www.moneyworld.co.uk**, or the excellent Motley Fool site at **www.fool.co.uk**, the Interactive Investor site at **www.iii.co.uk**, or **www.ukinvest.com**, run by Freeserve.

Now watch what happens. Plot price movements and try to understand why a particular stock has moved up or down. Was it a general market trend, a movement within that company's sector or some other factor?

Follow this simplest of investing maxims: run the winners, cut the losers. If one of your selections falls significantly in value, 'sell' it and 'buy' something else with the remaining cash.

After a few weeks, review the results, being ruthlessly honest. If you showed a gain in your portfolio, was it just because the markets generally were up? Remember, anyone can pick winners in a rising market. And if you 'lost' money, what might you now do differently to avoid that happening too often?

Investment is a constant learning curve, even for the experts. But, with practice, and by developing care and good judgement, you can prepare yourself for the fast lane.



Always keep an eye on your investment performance. This free Moneyworld portfolio service updates automatically and displays all the detail you could want

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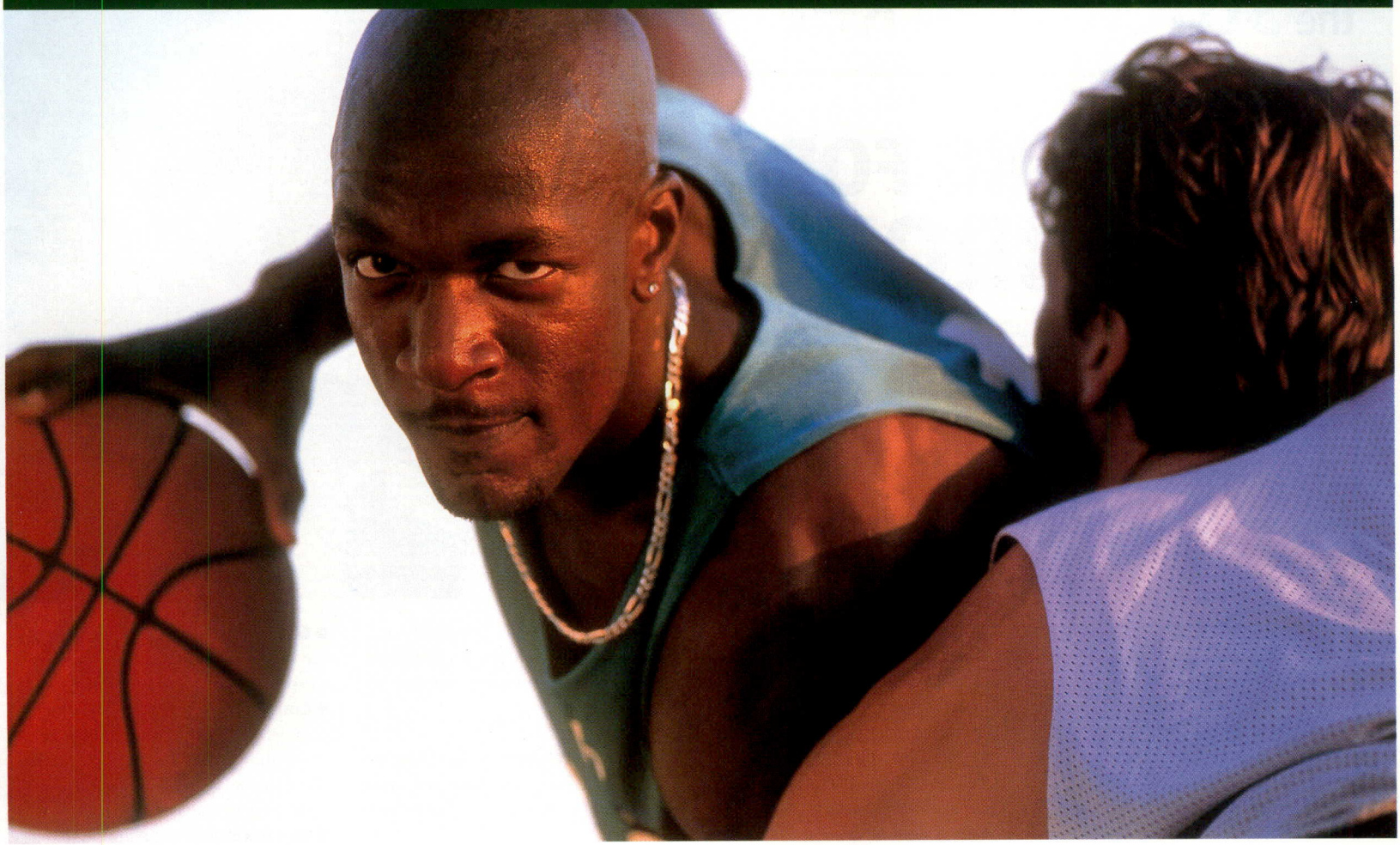

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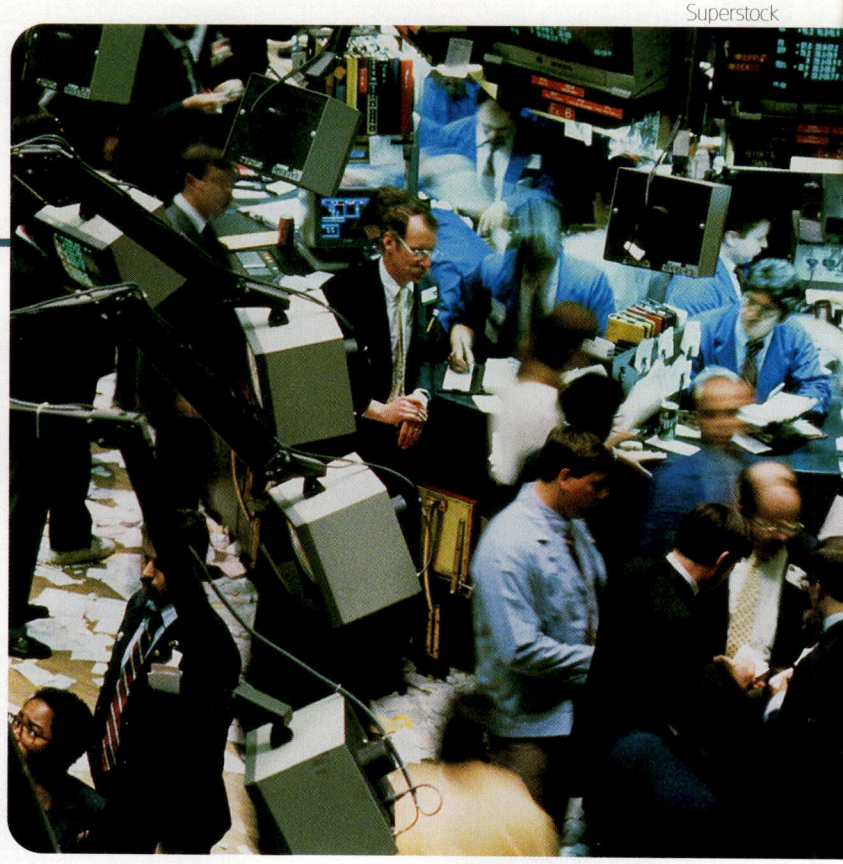


GOING FOR A BROKER

You've done your research and you're ready to start trading – now you need a broker

The broker is the essential link between you and the markets. Each time you buy or sell shares, you must use a broker to acquire or dispose of them through a market maker on your behalf. Even online, your trades go through a broker, because that's the way the game is played.

Not so long ago, brokers were often frightfully decent chaps with pin-stripes and cut-glass accents. They offered advice, hopefully had a good ear to the markets, and nothing made them happier than when you assigned them a big wedge of cash and let them get on with it – a so-called discretionary portfolio.

Your elderly Auntie in Brighton may still use such a service. But when, in the early eighties, Mrs Thatcher's handbag thumped the table with the declaration that she wanted us all to be part of a share-owning democracy, changes started to appear. You could discuss your ideas with a broker – and pay for the privilege – or you could make your own decisions, request an 'execution-only' service and pay a lot less. Then along came the Internet.

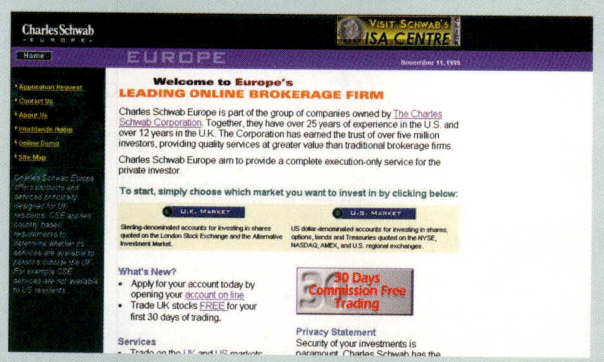
Now you can connect to your online broker, check prices instantly and, with a few mouse clicks, complete a trade. Confirmation of your instructions is usually emailed to you automatically, while confirmatory paperwork follows in the post. In just seconds you can become the proud owner of a chunk of ICI, the latest Dot.com sensation, or whatever else takes your fancy. Scary isn't it?

The Internet has opened up competition and dealing costs are now lower than ever, while the quality of service continues to rise. So, just what should you look for when choosing an online broker?

- **A stable Web site:** the last thing you want is the site going down just as you are about to snap up a bargain or need to sell out quickly.
- **Real-time prices:** are prices quoted in real time or is there a delay?
- **Accuracy:** does the paperwork arrive correct and on time?
- **Good backup:** is there someone you can talk to if you have a query or, worse, if you've made an error?
- **Costs:** is there a flat rate or sliding commission scale for trades? Is there an additional subscription fee? How do these suit your trading style and typical size of transaction?
- **Best prices:** this has a profound effect on profits. Can the broker consistently access the market maker offering best value?
- **A nominee service:** the broker

GETTING YOUR SHARE: ONLINE BROKERS TO CHECK OUT

*The minimalist opening screen of Barclays Stockbrokers, **www.barclays-stockbrokers.co.uk**, behind which lies a wealth of services, including Price Improver, an electronic facility that guarantees best share prices*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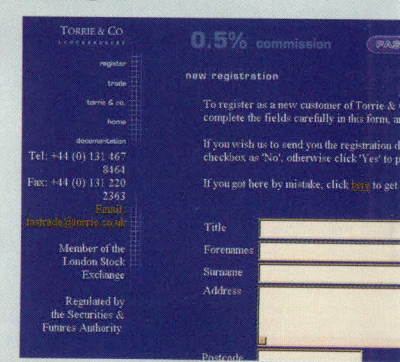
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- **Indemnity:** it may seem unlikely, but are you well covered for financial loss should your broker go down the tubes?
- **Security:** are details of your Internet share dealings safe from prying eyes?
- **Additional services:** what are they? Can you trade within an ISA (Individual Savings Account), for example? Can they deal for you in overseas markets?

HIDDEN COSTS

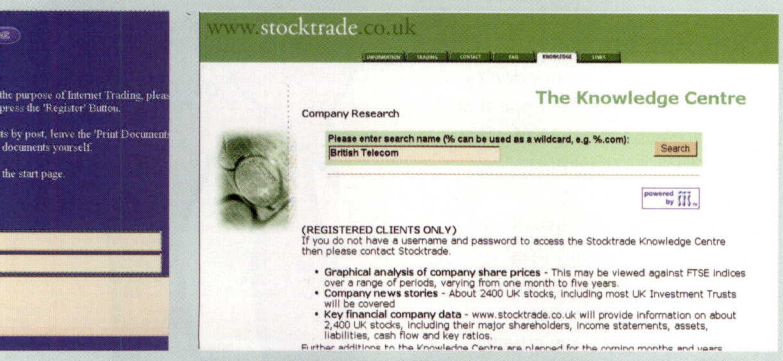
So you have decided to buy shares in Getrichkwik plc, wait for them to tick up a point or two and you're in the money. Well, not quite.

First you must overcome the spread – the difference between the buying and selling prices of a share. On large cap stocks, this is usually fairly small.

For example, at the time of writing, the offer, or buy, price for British Telecom was 1106p, while the bid, or sale, price was 1101p, a spread of 5p, or under half a per cent. But for small cap stocks, the spread can sometimes be 15 per cent or more.

Then there's the broker's commission. This varies, but reckon on around £27 for a £3,000 trade. There's also a tax to pay on purchases. It's called Stamp Duty and neatly removes another half per cent of your hard-earned cash.

Finally, your profits will be liable for Capital Gains Tax levied at a minimum of 20 per cent, although currently the first £7,100 of gains is tax exempt.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PICKING POTENTIAL PERFORMERS

How to choose your stocks wisely

With well over 3,000 listed British companies to choose from, where should the new investor start? With research, that's where. Research is everything. Never buy any share without some deep research first. The old saying 'Knowledge is power' was never truer than with stock market investing. Send for annual reports, search the Web for facts and news stories, but always conduct research.

Check out the company's liquidity and earnings growth, its price-earnings ratio, its asset growth – these are called fundamentals, which we'll look at in future issues. For now, let's take stock of some of the more subjective qualities that we'd like to see in our new investment.

- **Choose stocks you understand:** if you know about a company's products and markets, it's easier to judge its performance and potential.
- **Good track record:** read annual reports or visit Web sites like Hemmington Scott – **www.hemscott.co.uk** – to find evidence of steady and consistent growth in revenues, profits and assets over the last four or five years.
- **Go for growth:** choose growing companies with active markets and plenty of potential for expansion.
- **Sound management:** avoid companies with old-fashioned management. Seek evidence of active, dynamic, effective managers, leading from the front and constantly striving for excellence. Check that they hold shares in their company, too.
- **High profitability:** it might seem blindingly obvious, but a company with high profitability gives a better return on capital employed, and that means it's worth more to investors.
- **Innovation:** companies need new ideas and new products or services to stay ahead. Has the company anything new in the pipeline? News about product launches often pushes share prices ahead.
- **Good cash flow:** a company with heavy debt has a millstone around its corporate neck. But one with plenty of cash is stronger and can usually move faster to take advantage of new opportunities for growth.
- **Does it have a trading edge?** Is it the biggest or best in its business? Is it in a niche market? Does it own strong brands, unique patents or special processes and techniques? Yes to any of these is always encouraging.
- **What did the chairperson say?** Read annual reports. Are they confident and upbeat or cautious and pessimistic?
- **A growing dividend:** the dividend can be high or low in relation to the share price. What matters is that, over the years, the amount paid has steadily continued to increase.

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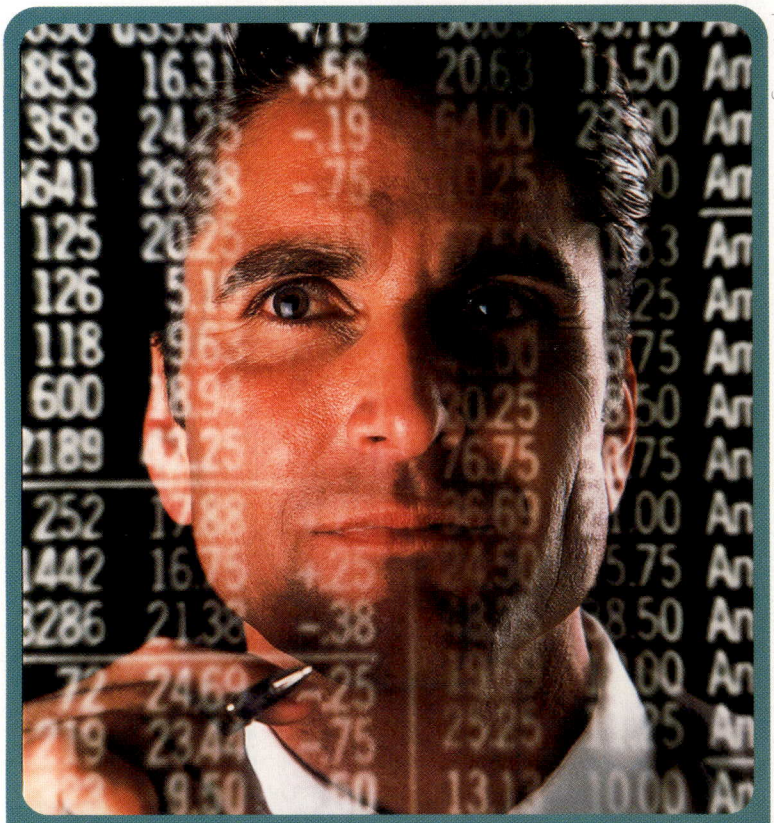

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DAY TRADING

You'll need nerves of steel if you fancy yourself as a day trader

Road to riches or path to penury?

Look at any share price graph and you'll see a wobbly line. It may show an upward or downward trend, but it certainly won't be straight. Every day, most shares move a few points one way or the other. Some move quite spectacularly, and that's what the day trader is looking for – a quick in and out for a quick profit.

But if most daily price movements are fairly small, what's in it for the day trader? Well, if you could clear a profit of, say, two or three per cent in a day, and do that most days, pretty soon you're going to be sitting on a massive cash pile.

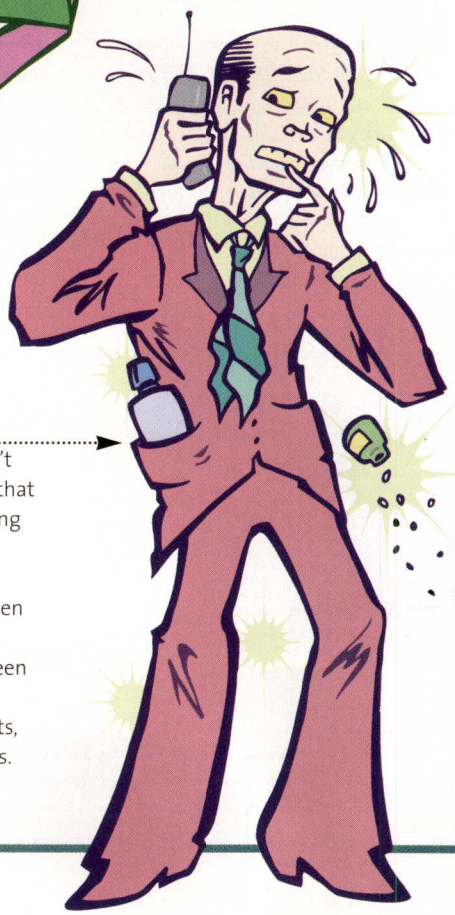
Ah, if only it was that simple. Unlike the long-term investor, where minor price movements are usually irrelevant, the day trader is the extreme speculator. If the price goes his way, great. But if it doesn't, he's stuffed. He either takes the loss or his duff day trade becomes a long-term punt. And that's not his game, at all.

Day trading began in the USA, then spread to Europe. Tips from bulletin boards, a word from 'someone in the know', plus at least one permanent Net feed – these are all part of the day trader's stock-in-trade. But the risks are huge, requiring nerves of steel.

Recent research indicates that the majority of day traders don't beat the market. But a few – just a very few – make it seriously large. And that's enough to fuel the myth and keep day trading up there as an ultimate Midas opportunity.

The Contrarian Investor

Likes to buck trends. Zigs when the others are zagging. Probably right now piling into the likes of Rentokil and Marks & Sparks, simply because they are currently out of favour. A technique worth exploring, but beware: the herd mentality drives the markets. Going against the flow could leave you high and dry. And broke.



The Shorter

Shorters sell shares they don't own ('go short') in the hope that the price will fall before buying them back. As they must repurchase within the settlement period – usually ten days – this is a deeply risky strategy. Mood swings between euphoria and depression, according to price movements, are common. So are facial tics.

TRADING FACES

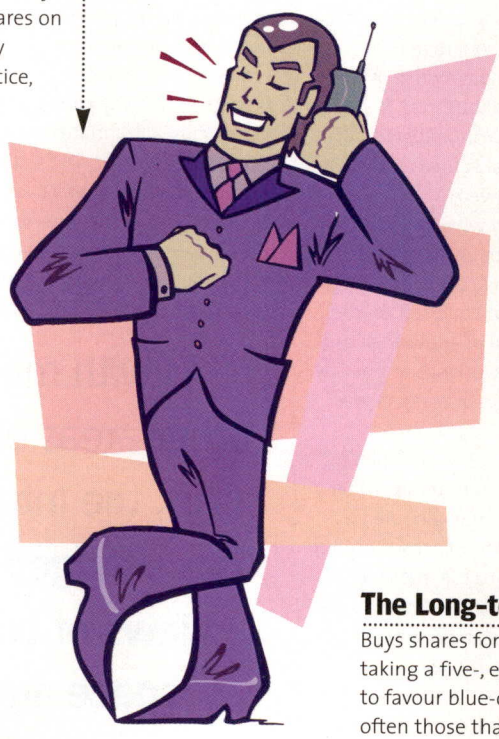
From **cautious to casual** to downright crazy, **share traders** come in many different shapes and guises. **Which one are you?**

The Day Trader

A phenomenon of the Internet revolution. Sits glued to a screen, attempting to cash in on daily price movements by buying and selling shares on the same day. Tiny returns but, in theory, by making lots of trades, huge profits. In practice, only a few day traders make it big. If you want to make a small fortune day trading, best start with a large one.

The Risk Taker

Oil exploration in deepest Scarborough... a chain of British beef restaurants in Normandy... well, you must speculate to accumulate. They're often penny shares, too, so massive potential and limited downside, right? Wrong. Tiny, obscure companies can easily sink without trace, so your 100,000 shares in a now worthless company are worth... you guessed it, nothing.



The Long-term Investor

Buys shares for the long haul, maybe taking a five-, even ten-, year view. Tends to favour blue-chip companies – often those that feature in the FTSE 30 share index. Sleeps easy and rarely worries over the inevitable dips in the market. A worthy strategy that unfailingly makes money.

The Dabbler

Buys the occasional share – "yeah, I dabble in the markets (knowing chuckle)" – often on a tip overheard in the pub. Does no research, yet expects to make shedloads. Weeks later, surprised to be showing a loss, he sells and buys another 'sure-fire certainty'. Also holds 50 quid's worth of Premium Bonds, and they've never come up, either.

MONEY TALKS

The changing face of the City

Once it was a **closed world** – but now the Internet has **flung the City's** doors open wide. That has to be **good news** for all of us

Philip Brown
Managing director of Netlife, a European e-business consultancy
www.netlife.de

The 'City' once referred exclusively to a geographical area – the square mile of London where men in suits conducted financial business. It also implied a closed community with little input from external sources – it led, and its customers followed.

People involved with the stock market would probably have a job in the City or have an account with a brokerage firm that could act on their behalf. A great deal of knowledge and experience of the workings of the City and the movements of markets was vital to success.

However, the City is now opening its doors to a wide community of new investors. New technologies are opening up channels of access, both to share trading and to the information, which will empower investors to make informed decisions about where and how to invest their money.

Open to all

As with many other areas of our lives, the Internet has changed our views of time, space and geography. Business no longer has to be done face-to-face: the financial activities that have traditionally taken place within the City, and the data and information that can help make sense of it, are now open to anyone who can get access to the Internet.

Online investing is growing at such a rate that Forrester Research (**www.forrester.com**) predicts there could be more than 20 million Internet investment accounts in the US alone by 2003. Two out of every three trades handled by the US-based broker Charles Schwab (**www.schwab-worldwide.com**, European arm) now come over the Internet.

What has precipitated this sea change in the way people are interacting with financial markets? It is due to the Internet, and to the growing number of ways in which we can all now get online. The Internet doesn't even have to be accessed via a computer – you can now download Web pages via electronic personal organisers, palmtop computers, mobile phones and even via a television.

As with many other areas of our lives, the Internet has changed our views of time, space and geography

As well as these, voice recognition technologies make it possible to check share prices at any time of day or night, and even to buy and sell shares by interacting with an IVR (interactive voice response) system. Such technologies bring the individual investor into closer contact with the City, by removing the need for the expensive individual attentions of a third-party broker.

Another massive change in the City environment is the range of market intelligence and data available to anybody with a computer or television. Over the Internet, Nasdaq and Reuters are just two of the online services providing constantly updated information on the latest market moves and share prices.

Even offline, television channels such as Bloomberg TV and the financial programmes showing on terrestrial television throughout the day provide simple, easily understood advice on the workings of the market and information on the companies to watch. Similar information is also available on Teletext.

So what will all this do for the culture of the City and the way people invest? It is certainly easier now for a wider range of people to make private investments from home. Alarmists claim that it is dangerous to make it easier for day traders to buy and sell stocks online. They fear that the practice is a ticking time-bomb, leading to huge risks being taken on the part of individual traders and alarming fluctuations in stocks.

Safe trading

This question is being answered by the financial community itself. Instead of competing on price, many stockbrokers are now developing more advanced services, which do not simply cut out the middle-man but offer research, additional pricing information, online valuation and performance monitoring. This creates a much safer environment in which to trade with private funds.

Such companies are also working with companies providing secure

e-business solutions, such as my own company Netlife, to provide the assurances that the Internet, in the right hands, can be a perfectly safe environment for financial transactions to take place.

Methods of dealing over the Internet will soon become a commodity in their own right. Customers will become far more demanding in their search for financial service providers who can offer more than just the basic trading facilities. They will expect a lower price than the consultancy traditionally provided by expensive full-service brokerage houses.

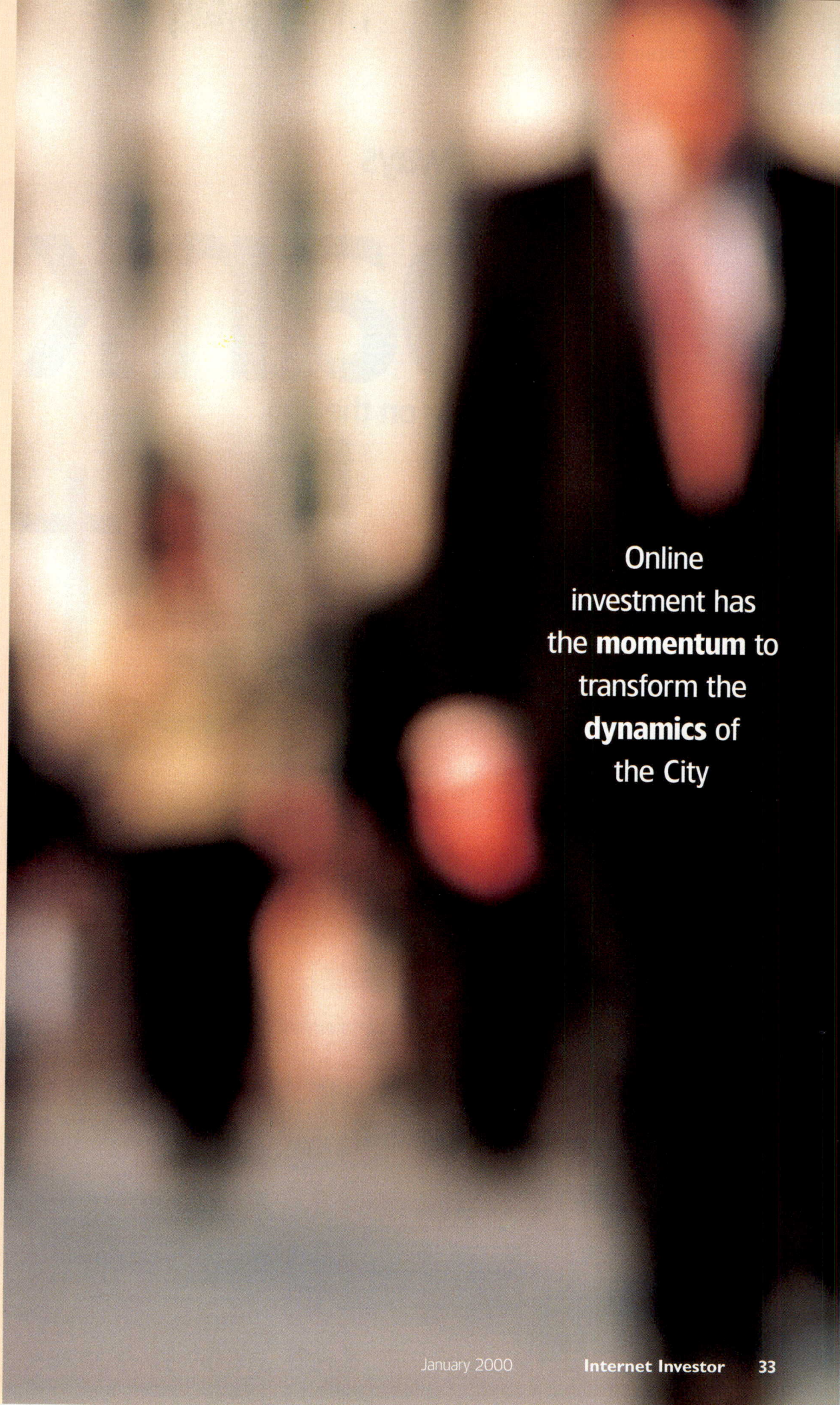
Choose your channel

This will create an environment where more and more people will be able to make fully informed decisions about what to do with their money. Everyone will be able to interact with the City via a wide choice of channels, picking one which suits them, rather than their service provider.

Online investment now has the momentum to transform the dynamics of the City. All signs are that it will open up the doors of what was once a closed institution. You can say goodbye to that old system of the City only being open to those who were already well-versed in its arcane ways.

Investors will obviously need to exercise caution when putting their own money on the line. But there's a wealth of intelligence available via the Internet, TV and related services.

So online trading looks set to become as educated an activity as it can be. Welcome to the online City – we're all part of it now.



you can always bank on the Net

Banks are all rushing to offer **online accounts**, but **what's the benefit** to the customer? And which accounts are best?

Text: **Steve Patient** and **Simon Heptinstall**
Photo: **Tony Stone Images**

Many years from now, when Captain Kirk wants to check his savings account at the end of a long, strenuous voyage on the USS Enterprise, it seems unlikely that he will have to wait for his monthly statement to arrive in the post.

And when Luke Skywalker needs to set up a new standing order, he probably won't have to queue at his local branch of NatWest. Dan Dare will not be phoning his bank every day to see if his salary has been paid in...

The bank customers of the distant future are more likely to be part of a cashless, paperless and even walletless financial environment. But don't worry, today's customers won't have to wait anything like that long before being able to use direct Internet access to accounts for their everyday banking.

At the moment, though, Internet banking is a confusing minefield of new names and glitzy graphics. How do you choose between the state-of-the-art Net banks and the half-hearted sites with limited services?

The state of play

We researched the state of Internet banking this month – but stay tuned to ***Internet Investor*** for regular updates. This area promises to develop rapidly. The reason for this is not that banks have suddenly changed their character and decided to try to be

THE BENEFITS OF ONLINE BANKING

- **Convenience**
  You can conduct your banking whenever, and wherever, you want to.
- **Save time**
  Avoid queues, letters and phone calls.
- **Maximise your money**
  Quickly and easily transfer excess funds into high interest accounts or sweep back money from savings to avoid overdraft charges on a current account.
- **Peace of mind**
  Check whether cheques paid into your account have cleared or bills been paid.
- **Money management**
  Links to personal financial applications and spreadsheets to plan your finances.

THE ONLINE BANKS

Some are slick, some are sad – we surf through the Internet bank sites to find the good, the bad... and the downright ugly

First-e

www.first-e.com

First-e can offer you a high interest savings account but little else... yet

First-e is the Internet banking service of the French Banque d'Escompte, demonstrating the global possibilities of online banking. At the time of going to press, First-e only offers saving accounts. There's no current account, cheque book, credit card, bill payment, direct debit or standing order services.

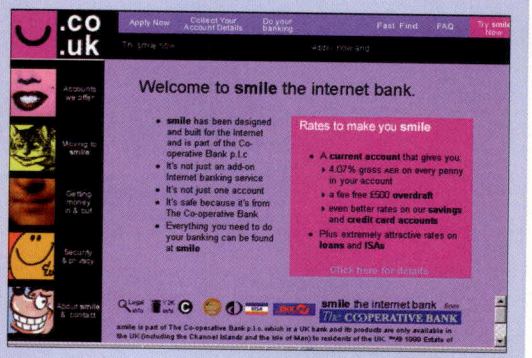
The savings rates are good (6.51% gross) – an introductory rate until April 2000. Savings receive interest at 0.81% above First-e's base rate. But the major problem is getting cash in and out. You can transfer cash from another bank account to First-e, which goes via the Royal Bank of Scotland. You also need an account with a high street bank, into which you can transfer money from First-e. The service seems erratic, and the promised 24-hour email response didn't materialise.

The First-e site can be slow; hopefully that will improve by the time it offers current accounts. It was unable to tell us exactly when that facility would be available.

BANK NOTES: French-owned First-e is a place to store savings with a slightly higher interest rate than building societies.

Smile

www.smile.co.uk


.co .uk
Apply Now
Collect Your Account Details
Do your Banking
Fast Find
FAQ
Try smile Now
Welcome to smile the internet bank.
smile has been designed and built for the internet and is part of the Co-operative Bank p.l.c
It's not just an add-on Internet banking service
It's not just one account
It's safe because it's from The Co-operative Bank
Everything you need to do your banking can be found at smile
Rates to make you smile
A current account that gives you:
4.07% gross AER on every penny in your account
a fee free £500 overdraft
even better rates on our savings and credit card accounts
Plus extremely attractive rates on loans and ISAs
Click here for details
smile the internet bank from The CO-OPERATIVE BANK

The Net-based Smile bank launched by the Co-op pays good rates and offers good service, too

The Co-operative Bank launched Smile as a completely Net-based bank with lower costs on loans and overdrafts, along with higher interest rates (currently 4.07% on current account balances, 5.25% gross on savings).

The Smile site is slick and attractive, with a neat interactive demo of its service and simple forms to transfer your accounts.

You get a cheque book, paying-in book and credit card. When you need to pay cheques in, you can use the Post Office or any clearing bank, though banks may make charges. You can draw money out from the Post Office as well, though most Smile users will probably use Link cash machines. Again, charges may apply. However, savings rates are good and Smile's charges are low.

The normal way to contact Smile is by secure email, but there is an 0870 number as well. If there are times when you don't have access to a suitable computer, you can control accounts using telephone banking. If telephones are out, too, you can use mail.

BANK NOTES: Although launched by the Co-op Bank, Smile stands alone. It's completely Net-based, yet offers a complete range of banking services.

you can always bank on the Net

as user-friendly as possible. No, the reason for the rush to the Net is that from a bank's point of view, Internet banking means no buildings, less staff and massive automation. Net transactions offer dramatic cost savings for banks – between 10 and 100 times cheaper than branch business.

The banks reckon that Internet customers are likely to be good customers, too – earning plenty of money and taking great care over what they do with it.

But the good news is that it's not just the banks that benefit. Direct Internet banking can offer increased interest rates because of the lower costs and enable you to move your money around more efficiently to maximise these interest returns. Whatever the rates, customers can have more control over their finances and save time in managing them.

Banking with ease

Most e-accounts already enable you to move money between different accounts with the same bank, set up new accounts and standing orders, see your current balance, pay bills without writing and posting cheques, get statements, apply for loans and carry out other financial services.

Many banks also try to use your presence on the Web site for some good old cross-selling. It's not quite: 'Would you like to see one of our financial advisers, Sir?', but there

From a bank's point of view, Internet banking means no buildings, less staff and massive automation

Co-operative Bank

www.co-operativebank.co.uk

The CO-OPERATIVE BANK
Accounts & Services
About the Bank
internet banking
there's no easier way to bank
Our Ethical Policy
Accessing the Bank
SITE NAVIGATION
VISA
Interest Rates	News Release	Current Account
What's New	Employment Opportunities	ISA
Site Navigation	Table of Contents	Contact Information

The Co-op Bank's site offers a new way to check on branch-based accounts

It might seem a little strange for the Co-operative Bank to offer its own Net banking service when it's set up Smile specifically for this purpose. This time, though, it's aimed at its existing customers.

If you've already got a Co-op account, it's got one of the best access procedures, but you can't open new accounts, apply for loans and so on without printing out a form and sending it off or visiting a high street branch. Similarly, you can only carry out financial housekeeping – such as moving money between accounts or paying bills – if you arranged it previously using the 'Armchair Banking' service (telephone banking to the rest of us). Once such a transaction has been set up, you can action it repeatedly online.

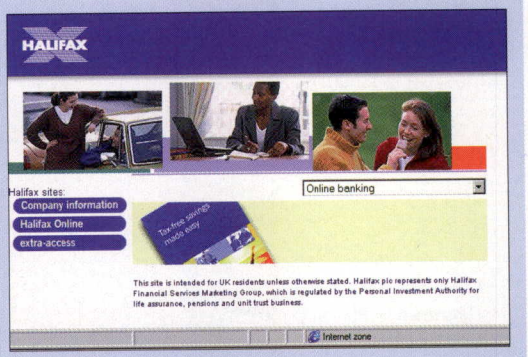
Things you can do without previous arrangement include viewing your accounts, ordering paying-in and cheque books, asking for information about a cheque or credit you don't recognise, cancelling direct debits and amending or cancelling standing orders.

The Co-op site has a more staid layout than the Smile site, and the forms seem long and slow. The pages about the bank's ethical policies are interesting, though, and you might need the extra services like children's accounts or offshore banking that the pure online banks can't offer.

BANK NOTES: If you've already got an account, Co-operative online is easy, if a little limited. If you're starting from scratch, even the Co-op recommends you go straight to its Smile offshoot.

Halifax

www.halifax.co.uk



Halifax offers Internet banking as an 'extra' to telephone banking

To use Halifax online banking, you must first be a Halifax current account holder. You then have to register with the Halifax Direct telephone banking service. Then you can use the Web site.

It is possible to sign up for an account on the Web site, although you will then be contacted by post and may have to visit a branch afterwards. You have to agree to make a monthly payment of at least £500 into your account. The current account presently pays 0.25% gross on balances over £50.

The Web service has been running since July, and once you're signed up you are offered a full range of banking services including setting up and taking down direct debits and standing orders.

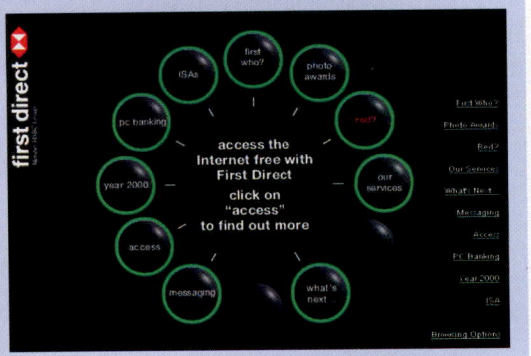
There's a demo, but instead of playing with the actual service using dummy data, you get to look at fuzzy screenshots. We were told that this is for security reasons.

The Halifax site also enables you to engage in share dealing and choose a new home via Halifax Property services. You can apply for a mortgage as well.

BANK NOTES: When you finally get an online account, Halifax's Net banking offers its normal range of services with the same restrictions and interest rates.

First Direct

www.firstdirect.co.uk



Launched as a telephone-only banking service, First Direct now offers a PC banking service

First Direct, part of the HSBC group, was the first UK telephone bank, so e-banking is a natural progression. Unfortunately, the site is confusing and can be slow.

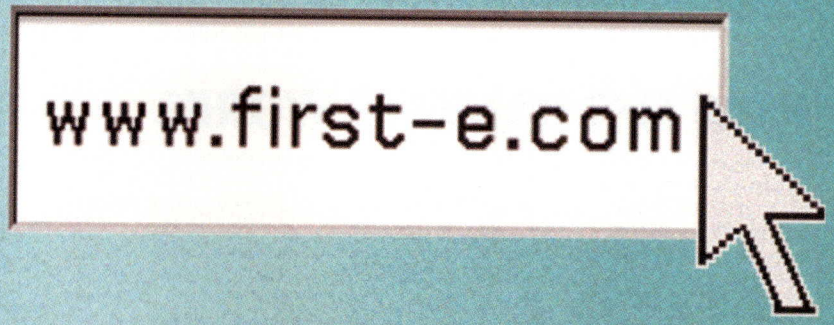
First Direct provides a CD by post containing software which enables you to do PC banking. It's fiddly to install but allows you to spend time working out what you want to do to the account – you are not keeping an operator hanging on, as in telephone banking, and you are not racking up Internet phone charges, as in full Internet banking.

Because First Direct is a telephone bank, most of its Net procedures are inherited, which means using surface mail. You pay in cheques by post and cash via any HSBC branch. A telephone operator will fill in forms for you, which are then sent to you for signing when opening a new account.

First Direct's PC banking offers the usual services including bill paying, cheques, current and savings accounts. It also offers credit cards, loans, insurance and mortgages. Interest rates are the same as the phone-based accounts (on a cheque account it's only 0.1% gross).

BANK NOTES: First Direct has extended its telephone system to PC banking – Mac support and full Net banking are planned.

tell your bank manager where to go



He no longer has a job. Because first-e – the first independent internet bank – has allowed you to replace him, putting total control of your account literally at your fingertips. Besides no bank managers, we also have no need of plush offices. No branches. No reams of paperwork. The advantage of no overhead is interest on your money (paid gross monthly, without any deductions for tax) that has to be accessed on the net to be believed. Having read your bank manager the riot act, click on. Within minutes you'll be a first-e account holder.

fe first-e
the internet bank

the independent internet bank

www.first-e.com

"first-e the internet bank" is a trademark used by Banque d'Escompte for banking services on the internet. Banque d'Escompte is a French bank, incorporated as a limited liability company, with a paid up capital of 37,500,000 euros (Paris Companies Register No B 702 950 148). Registered Office: 13 Boulevard Haussmann, 75009 Paris, France.

you can always bank on the Net

are plenty of links to share-dealing and mortgage services. That could be useful to you – or not.

Banks are, quite rightly, highly conservative, security-minded companies. This is just the way we want them to be, but this results in a lot of inertia. It took decades to roll out cash machines, cheque guarantee cards, credit cards, Switch and so on.

But analysts say that more than a million of us are already banking online. Predictions range from 7 million in 2003 to 10 million by the end of 2000. One thing is certain: last year it was just half a million people and it's growing fast.

The customer benefits mean it is certainly worth the effort to investigate what is available as soon as possible. Remember you don't have to put up with the Net banking service your current bank offers. It's easier than ever to set up new accounts or move your money around. Many of the Net banks make it a doddle to do this, with pre-written letters on screen where all you have to do is fill in the name, address and account number... then click.

There are two types of Net banking schemes currently available: dedicated Internet banking operations, like First-e and Smile, and Internet banking arms for existing high-street institutions, like Co-op or Lloyds TSB.

The dedicated Net banks can offer different services and better interest rates because they aren't lumbered with a Victorian chain of branches and levels of staffing. These e-banks still have to offer access by post or cash machines, though. Other banks seem to see the Internet as one more communication channel to offer, alongside face-to-face and telephones.

Banks like Lloyds TSB want you to be a customer already before you can use their Web site. Others allow you to open accounts online. Some require a signed and posted form; others do the job on screen.

Internet 'banks' Egg and First-e launched with high interest savings accounts as their main feature, but current accounts are on the way soon. Smile offers most current account features, like overdrafts, credit cards and loans. First Direct plans to include share trading and foreign currency. Woolwich Open Plan offers the good old 'financial healthcheck', which doubtless will lead to an attempt to sell you other services.

One of the basic features

HOW NET BANKING WORKS

Net banking is an extension of normal banking practice via another medium. Banks started offering telephone banking to lower their costs and extend hours; they're now doing the same using the Internet.

With Net banking all transactions are automated. Software at the bank provides an interface to your account details on the bank's computers. An application, usually a Java application running in your Web browser, interacts with you and the bank, providing information and accepting input. It's little different in concept from providing a browser interface to searchers or a chat room.

Only the need for security in Internet banking complicates affairs. The first time anyone hacks into your account is the last time you use Net banking.

So far, there have been no reports of this happening.

PC VERSUS NET BANKING

Most banks have pure online services – customers visit their Web site, key in a password and access their accounts via a Web browser, such as *Internet Explorer* or *Netscape Navigator*. Whatever you do to your account you are always connected... and running up phone charges.

Other banks – namely First Direct and NatWest – offer PC banking. They send you software that allows you to download account details from the bank and view them offline. Your PC does all the work; with Net banking, the browser and bank system do most of it.

In addition, some banks allow you to export your account details to money management applications such as *Microsoft Money* or Intuit's *Quicken* for more sophisticated forms of personal accounting.

Confusion often arises because the banks themselves don't seem to know the difference between PC and Net banking – sometimes referring to one when they mean the other.

AT-A-GLANCE GUIDE: WHAT

Name	URL	System demo	Phone banking
First-e	www.first-e.com	Live	No
Smile	www.smile.co.uk	Live	Yes
Co-op	www.co-operativebank.co.uk	Live	Yes
Halifax	www.halifax.co.uk	Static	Yes
First Direct	www.firstdirect.co.uk	Static	Yes
Barclays	www.barclays.co.uk	Static	Yes
Lloyds TSB	www.lloydstsb.co.uk	Live	Yes
NatWest	www.natwest.co.uk	none	Yes
Citibank	www.citibank.co.uk	Static	Yes
RBS	www.rbs.co.uk	Static	Yes
Nationwide	www.nationwide.co.uk	Live	No

Notes:
Requirements: banks' published requirements may differ in practice. Mac systems may work with many of the online systems.
IE: Internet Explorer; N: Netscape
Export to Money & Quicken: enables customers to download account details to financial management applications like MS Money or Intuit Quicken
These details were correct at the time of going to press – stay tuned to Internet Investor as we expect online banking services to improve and expand rapidly

Barclays
www.barclays.co.uk

Barclays' e-banking service is now purely Net based

Barclays has scrapped its CD-based PC banking system and replaced it with a pure online banking service. You need to have a personal or small business account – a savings account is not enough. You can apply for the account online but have to wait for postal confirmation.

The site itself isn't the clearest or brightest, and some of the text is tiny. Oddly, you have to register for telephone banking – it isn't automatically available.

Once you have an online account, you can access your statements online at any time, transfer money between different accounts and pay bills. There's even a useful cashpoint machine locator. The only demo available is screenshot based, which unfortunately doesn't tell you very much about Barclays' service. In fact, we found the best approach is to ring up and ask about any services you'll need online.

Unlike most Net bank sites, hardware and software requirements are fully explained. For example, it tells you which version of *IE* you need if you want to use the service on a Mac. Barclays also offers its own free ISP.

BANK NOTES: Barclays appears to take Net banking seriously. Access is a bit confusing but, once there, account services are good.

THE ONLINE BANKS HAVE TO OFFER

Requirements	Statements	Account transfer	Pay bills	Apply for credit cards	Apply for loans	Support	Export to Money	Export to Quicken
PC/IE/Java	Yes	Yes	No	No	No	Email	No	No
PC/IE/Java	Yes	Yes	Yes	Yes	Yes	Email	No	No
PC/Mac/IE/N/Java	Yes	Yes	Yes	No	No	Phone	No	No
IE/N/PC/Mac/Java	Yes	Yes	Yes	Yes	Yes	Phone	No	No
IE/N/PC/Mac/Java	Yes	Yes	Yes	Yes	Yes	Phone/email	No	No
IE/N/Java/PC/Mac	Yes	Yes	Yes	Yes	No	Phone	Yes	via s/sheet
IE/N/Java/PC/Mac	Yes	Yes	Yes	Yes	Yes	Email	Yes	Yes
PC/IE/Java	Yes	Yes	Yes	No	Yes	Phone	Yes	Yes
PC/IE/N/Java	Yes	Yes	Yes	Yes	No	Phone	Yes	Yes
PC/IE/N/Java	Yes	Yes	Yes	No	No	Phone	Yes	Yes
PC/IE/N/Java	Yes	Yes	Yes	Yes	Yes	Phone/email	Yes	Yes

BROWSERS, SECURITY & ACCESS

As all the Net banking services on offer are accessed through a Web browser, you might think it doesn't matter which type of computer or operating system you use. Not so.

Most Net banks require your Web browser to support 40-bit or 128-bit encryption for data transfers. This means using *Netscape Navigator 4* or *Internet Explorer 4* at the minimum. Different versions of these data encryption features are supported by different Net banks, depending on which browser features they use. They also tend to require Java and cookie support.

A modern fully-specified PC should pose no problems. Anything else might be a hassle, though. Many Net banks specify PC hardware with Windows 95/98 and sometimes NT. Most don't specifically support the Apple Mac or *Netscape*, and issue warnings about possible problems with them. Some banks say that Mac support will be coming soon – but with no definite dates.

If you use a non-Windows operating system, such as Linux or BeOS, or non-PC hardware such as the Mac, or a browser other than *Internet Explorer* or *Netscape Navigator*, you will clearly need to ask a few questions before settling on a specific service.

Lloyds TSB
www.lloydstsb.co.uk

Welcome to our new internet banking service.
WWW.ELCOME
Browse the site
Products and servic
Ways to bank
Together for you
Lloyds TSB sites
And finally...
Internet banking
Click here to find out more and register for internet banking
Log on to your personal ser
Log on to your business ser
Reach for a Lloyds TSB debit card
Internet zone

Lloyds TSB online banking has most services but its site is slow and complex to use

If you like frames, rolling scripts and pop-up windows, you'll love Lloyds TSB.

This site is slow and complex, so it takes a while to sort out just what Lloyds offers online. Ultimately there are no surprises. It's all the standard services: current and savings accounts, bill payments, standing orders, direct debits (view but not change) and transfers between accounts.

You can apply for an account online and Lloyds TSB will leap into action, responding in around 10 days. Strangely, you can only access your accounts between 4am and midnight, so not quite 24-hour banking.

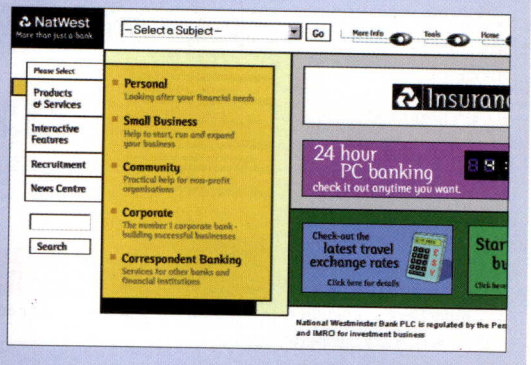
All contact with Lloyds TSB appears to be by email, yet you also have to sign up with telephone banking as a fallback means of managing your money.

The ability to download statements straight in a form suitable for import into *Money* or *Quicken* is useful if your financial affairs are fairly complex.

Finally, we'd recommend the demo. It's fast, elegant, live and comes complete with helpful explanations. Lloyds TSB's competitors should check it out.

BANK NOTES: A complicated Web site that eventually offers most services – but why have a four-hour blackout every day?

NatWest
www.natwest.co.uk



NatWest's PC banking service has a clear and simple interface

NatWest offers a PC banking system which involves customers paying a £30 fee to cover the cost of the specialist software and a wait of several weeks to get online.

You can access your accounts via the branch, telephone or PC banking, offering a lot of flexibility. Unfortunately Mac owners aren't currently catered for.

NatWest enables you to transfer money between your own accounts and to other people's accounts in other banks. You can raise loans and deal with standing orders, direct debits, pay bills and so on. NatWest enables you to work either via the Net or via dialling a direct number. Either way, you get the same browser-based experience. Both access methods also enable you to download *Quicken* and *Money*-compatible statements.

There are plans to allow access to account details via the Yahoo! Finance pages. Another NatWest service planned will be a personalised information delivery system costing £5 a month.

NatWest is creating an interesting service, though the £30 fee is a hark back to the bad old days of banking.

BANK NOTES: The NatWest system is PC based at present but expect plenty of new Net-based developments soon.

you can always bank on the Net

they all offer is viewing your account balance. Some enable you to sort your account history in useful interactive ways. For example, Nationwide lets you list cash withdrawals or cheque credits. Woolwich Open has a particularly useful system where you can set up 'trigger' points where money will be transferred between accounts. So when your current account reaches a certain level, the excess is automatically moved into a high interest savings account.

Making payments online is another major time-saver. Most schemes enable you to transfer money to any other UK bank account, hence paying bills without having to write and send a cheque. There are different rules about time cut-off points – check whether payments will be made the same day or the next. Online banking is still part of the central clearing system – payments need three working days to clear.

There are small differences between the banks over setting up standing orders – some require more notice than others and some limit the total you can transfer in a day. If these factors are important to you, make sure you check the small print carefully.

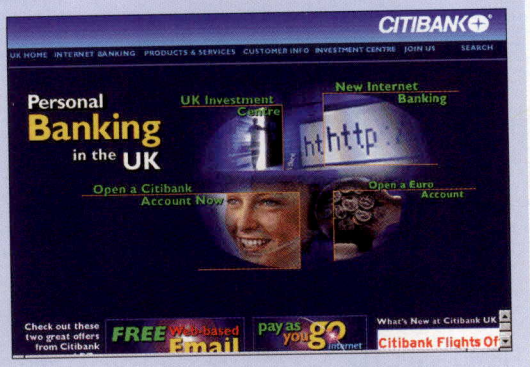
Choosing a bank

If you have an existing bank account with a high street bank or building society and you simply want access from a computer at home or work, then it makes sense to go for your own bank's site. If, on the other hand, you're interested in Net banking because it can save or make you money, then you will benefit from dealing with a purely Net-based institution.

For high rates and simplicity we found Smile to be good. It has telephone banking options, which mean you're never likely to be out of contact. For the most flexible service we were particularly impressed with Nationwide, although Barclays comes in at a close second with lower savings rates but more services.

Citibank

www.citibank.co.uk


CITIBANK
UK HOME INTERNET BANKING PRODUCTS & SERVICES CUSTOMER INFO INVESTMENT CENTRE JOIN US SEARCH
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pay as you go Internet
What's New at Citibank UK
Citibank Flights Of

Citibank makes it easy to open a Net account

Citibank boasts a lightning fast Web site and some clear and straightforward instructions for how to set up an account online.

Banking with Citibank Direct Access, the Net banking service, is complemented by CitiPhone Banking, the telephone banking service. You can manage the same set of accounts using either.

Account services include current and savings accounts, cheque books, bill paying, statements, account transfers and support for *Money* and *Quicken* finance packages. Loans, mortgages and other financial services are also available but not directly from the Net banking service. Similarly, credit card accounts are not accessible from the Net. You can change your standing orders or cancel direct debits online, though.

Interest rates on savings are higher than average at Citibank because it doesn't maintain high street branches. By arrangement, though, you can pay cheques and cash in using Lloyds branches. Normally, you're expected to post cheques, as with First Direct and other pure Net banks.

You can get money from any cash machine, without having to pay a fee, which along with the lack of banking charges for personal banking is sensible. Citibank claims that you can access 350,000 ATMs around the world.

BANK NOTES: Phone and Internet banking from Citibank are complementary services with high interest rates. Lloyds can be used for cash and cheque payments.

Royal Bank of Scotland

www.rbs.co.uk

The Royal Bank of Scotland
About Us
News & Commentary
Personal Finances
Business Relationships
Corporate Relationships
PC & Online Banking
The Royal Bank of Scotland
Everyone is an individual. We each want access to our Bank when it suits us, and in a way that suits us. For a fresh approach to finance, spend a few moments on our site.
Personal Finances
Information on savings, retirement planning, mortgages, current accounts and how to spend money overseas.
Move your mortgage without moving house
NOT FOR SALE
PC banking on the internet is now available for businesses

RBS's Net banking service is designed to provide branch account holders with more flexibility

Don't get confused – Royal Bank of Scotland describes its online system as PC banking, but it really means Net banking, as no customised software is needed. Perhaps it was trying to tell us that you need a PC to access it – a Mac won't do.

It starts slowly: forms have to printed out, filled in by hand and posted. You have to open an account at an RBS high street branch. Once this is done, you can sign up for telephone and Net banking to handle the account. You can also open others online.

Features of the service include statements, account transfers, bill payment, standing order and direct debit management. You can transfer between accounts at RBS and other accounts you have with different financial institutions and download data to *Money* and *Quicken* software packages.

There is an email contact for more information but customer support is by phone. We found this to be fast and courteous, even on a Sunday.

BANK NOTES: RBS' Net banking services simply provide another way to manage your branch accounts; they are not separate services. Like most banks, you don't get higher interest rates or lower charges, either.

Nationwide

www.nationwide.co.uk

Although a building society, Nationwide offers banking services including current accounts

Although still a building society, Nationwide offers banking services including current and savings accounts. The Nationwide Web site stands out from most other bank sites we tested for its speed, content and ease of use. It's excellent.

The Nationwide site encompasses everything from its own Net service provision to a UK house price index. You can open various accounts online and then transfer funds between accounts, pay bills, manage standing orders and direct debits.

You can also apply for anything online that you can in a branch: for example, loans, mortgages, ISAs and so on. Processing such applications is no faster, though. Effectively, all you're doing is sending a form in by email instead of by post.

Cheques can be paid in at a branch or sent in by post. To take money out, visit a branch or use an cash machine.

Nationwide won a Net banking award in 1998, and it is constantly adding to the range of online services. Interest rates are higher than the high street banks but not as good as pure Net banks.

BANK NOTES: Nationwide's Net banking service is fast and slick. It already offers a full range of banking services.

Searching Questions

Mirago, the UK Search Engine

- High UK relevance
- Safer surfing for kids
- Advanced search features
- Up to date results
- Guides, News, TV, Sports...

mirago

MONEY TALKS

Will the Internet bring **the end of banks'** grip on our **personal finances**? Let's take a look into **the future**

Are the banks Net-ready?

Try to imagine this. It has been a long day. You're sitting in front of your TV and you call up your personal finance portal. In one window of the Web page is a personal finance program you've just downloaded; in another the latest posts from your investment group. Email from your personal rep at your bank awaits you. Meanwhile, a Web agent searches in the background for better rates for your savings, and you are on your mobile phone paying off some overlooked bills via your current account with your Swedish bank or with your supermarket.

Science fiction? Actually it's not as improbable as you might think. Despite their silly names – Smile, Marbles, Goldfish – banks have begun taking the Internet very seriously. Basic banking services, like current and savings accounts, credit cards, bill payment, and loans, are now all available online.

Banks hope these will bring them new customers, let them sell more products more profitably and provide a bulwark against the e-companies, non-bank financial services firms and even grocers now invading their business.

It is the latest and last piece in the banks' copycat strategies of multi-channel distribution and lower costs. And remarkably, online banking looks likely to succeed beyond their wildest dreams. It will change the way Britons bank and buy financial services, and it will happen much faster than many bankers expect. The only question is whether banks can keep up.

So far, they have concentrated on cutting costs, which means shedding bricks and mortar. ATM and telephone banking have already diminished the reliance of bank customers on expensive-to-run branches.

That pleases the banks greatly. The cost of a transaction conducted through an ATM is less than half that of doing it across a branch counter. Conducting it across the Internet reduces the cost by a factor of ten.

Acquiring customers is cheaper online, too. The Royal Bank of Scotland says that each new customer of its online banking joint venture with supermarket group Tesco costs less than £50 to acquire, against more than the £100 it traditionally spends.

The ability to mine consumer information derived from Web activity will drive banks and retailers closer together

Given the millions of transactions the high street banks make every year and the hundreds of thousands of new customers they are seeking to acquire online, those cost savings can add up to very serious money.

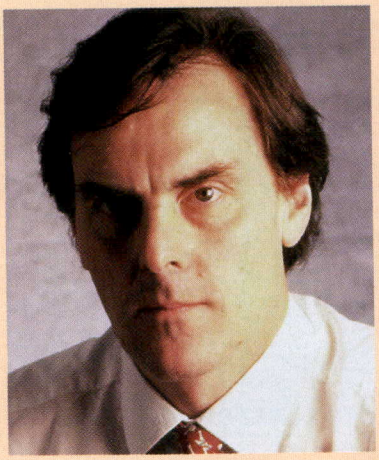
And given the competitive pressures, banks need it. Britain may be one of the most profitable retail banking markets in Europe but Britons are turning to other places for the savings and loans they've traditionally got from banks. Prudential, Britain's largest insurance company, has taken £7 billion in deposits and issued more than 50,000 credit cards through Egg, its Internet banking arm. And if the US experience is anything to go by, the lucrative mortgage business is also ripe for plucking.

High street banks also fear the prospect of missing their next big meal ticket – equity-based long-term savings for pensions, healthcare and schooling, as European governments unwind their welfare states. Incoming American firms and upstart e-competitors such as Charles Schwab, E*TRADE and First-e are making the running there. Hence the rush to the Internet of Lloyds TSB, HSBC (First Direct), the Halifax , the Co-operative Bank (Smile), the Woolwich and the rest.

Customer shortage

There is only one flaw in all these grand plans. Where are the customers? They are certainly barely there today. Banks used to numbering customers in the millions, count their online customers in tens of thousands, and typically only half of online customers are active users of their accounts.

Only about eight million Britons are currently online and the country does not have an Internet culture in the way, say, that the United States does. Phone charges are metered, compared with free local calls in the US. Arguably, this has been the greatest impediment to the growth of Internet usage in Britain. UK Web banking is rudimentary. Complaints about the speed and robustness of access to banking Web



Paul Maidment
Editor of ft.com, the online arm of the *Financial Times*
www.info.ft.com

sites are frequent. But the good news for banks is this is all set to change.

The number of Britons online will reach a critical mass over the next 18 months. Net-connected computer ownership is growing fast and a generation of youngsters who have grown up with the Internet is emerging into consuming adulthood. In addition, the lobby for free local phone calls for Net access is intensifying.

Two other oft-overlooked technological changes are in the offing. The first is the arrival of domestic digital telephone lines, due next spring. ADSL, as the technology is known, will provide fixed-rate cheap broadband Net access to the home. This will make possible a Net connection that is always 'on' without worrying about phone charges racking up. It will also make Internet television a serious possibility, rather than the next big thing that never was.

The second technological change is the new generation of mobile phones. These are WAP-enabled, which means they can connect to the Internet.

Taken together, these changes will make the Net a mass medium. Net services will be able to be delivered via cellular phone and TV, two relatively cheap devices many already own.

They will transform the way individuals bank. Round-the-clock home banking via the TV set will become common. HSBC is trialling such a service with digital cable television but without the two-way interactivity that Internet television will provide. Only then will customers get the convenience of telephone banking allied with the depth of information and ability to shop for the best rates and products that the Web promises.

From the banks' point of view, the ability to mine consumer information derived from Web activity will drive banks and retailers closer together. The Tesco/Royal Bank of Scotland joint venture and Citicorp's co-operation with the Virgin Group are likely to be only two of many such alliances.

Pioneering wireless services include share dealing. Retail banking services will soon follow. First Direct already has a rudimentary service with BT. One Italian bank already offers free online broking via mobile phone as a gift for opening a current account. Whatever happened to free toasters?

Laughable predictions

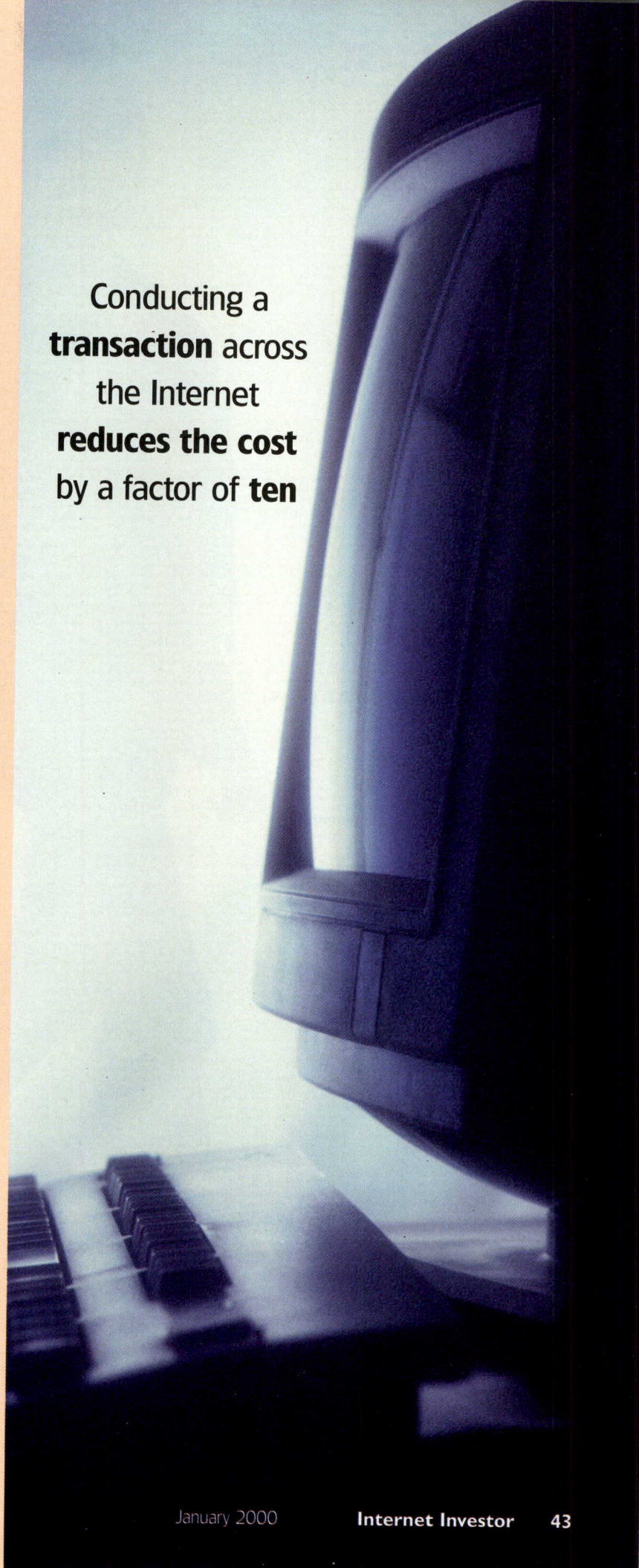
The industry is predicting a majority of banks' customers will switch from using branches to either the telephone or PCs in at least five years. In fact, it will happen in less than half that time.

Predictions such as that made recently by Lloyds TSB that the Net will not have a dramatic effect on banking and only one in 15 of its customers will bank via the Net will look laughable.

It will be a challenging time for banks. They are not well adapted to rapid change. Consumers will have the ability to search out the best deals. Banks will have to compete on price.

So it should be the best of times for customers. Banking should get cheaper, easier to use and more tailored to your needs, as more are provided via retailers who understand customer service so much better than banks.

It is banking, just not as we've ever known it.



mo

Keep **in touch** with your **Net finances** with one of the new **portable** devices. We pick the best

THE PRODUCTS

3Com Palm III & Palm V

Nokia Communicator

Ericsson MC218

HP Jornada 680

Cassiopeia E105

Psion handhelds

Most of us use a desktop computer to get on to the Internet, just as we rely on desktop machines for all our other computing needs. But there are times when you need access to financial information and you're away from your desk. Suppose you need to check on volatile share prices when you are on holiday or juggle some money between bank accounts while on the way to an important meeting.

There is a solution to this dilemma that puts all the resources you need in your pocket. Literally. The massive growth in portable computers in recent years has led to an explosion of ways to access the Internet. You can now check your investments from anywhere. It doesn't matter whether you are in your garden, on the train, in a cafe or even on the beach. There are ways of logging on and getting the information

Synchronisation matters
Most handheld computers can share data with a PC using a two-way connection that makes sure information is kept up to date on both machines. This is called 'synchronising'. The software needed to perform synchronisation jobs is usually supplied with the handheld computer.

Text: Sandra Vogel
Photography: Philip Sowels Hardware pictures: courtesy of Mobile Computer User

oney on the move

you need. There are even solutions that don't even require you to log on – some devices will happily go and collect information for you, alerting you only when they find something.

Over the next few pages we look at a range of portable devices that can be used to access the Internet. Most of the hardware we highlight has other functions, too.

Mini computers

The handheld computers running Windows CE and Psion's EPOC, for example, are just like mini computers with highly usable keyboards. Their software includes word processors, spreadsheets, databases and diary management features, so not only can you check share prices while you're out and about, but you can also write to your bank manager or compose a business plan. Other devices such as the palm-sized PCs, which also run Windows CE, do not have keyboards but have other strengths, such as playing MP3 music files.

It almost seems that the question you should be asking yourself is not 'Can I get on to the Internet when I am away from home?' but 'What's the device most suitable to my needs?' We'll help you decide.

Internet investor

HOW WE TESTED THE PRODUCTS

When awarding a rating for the machines, we evaluated them on the basis of their ability to get on to the Internet and view financial information.

So we examined functions such as how easy a device is to set up and make a Net connection, and how well each machine handles graphics, particularly charts.

Our ratings do NOT take into account the efficiency of each machine at general computing functions. But when choosing a computer for your own use you might want to consider this and features such as portability and cost.

Over the next few pages, we look at a selection of portables.

THE FUTURE IS WIRELESS

How the WAP system will change our Net links

It's set to change the way mobile computing devices talk to the Net – yet many people haven't even heard of it yet. But whether or not you've come across WAP before, you are certain to do so in the next year – and in a big way.

WAP stands for Wireless Application Protocol – a new open standard designed to allow information to be distributed to wireless devices quickly and easily. WAP will work with all kinds of wireless networks from DECT to GSM and all flavours in between. It will be able to work with devices running various operating systems, including the main ones featured here – EPOC, Windows CE and PalmOS.

WAP's development is overseen by an industry association, whose 200-plus members are key players in the mobile communications arena. They include Cellnet, Orange, Microsoft, Symbian, and Palm. When the WAP standard is up and running it should be possible for information like Web pages, email and other specifically-targeted services like stock quotes to be delivered to handheld computers, mobile phones, pagers or your PC.

And all this will be possible without needing any wires to make the connection. WAP should make the job of keeping informed while on the move very easy indeed.

money on the move

PORTABLE PLUSES

Notebook computers can keep you in touch

If you own a traditional portable computer, you may already have the means to access financial information from the Web without even realising it.

Some portables are now so slim and light that they could almost pass as pocket-sized machines themselves. Many portable computers come with built-in 56K modems, so all you need to get on to the Internet is a lead to connect your machine into a landline. As these are usually supplied with the computer, you can be up and running in no time at all.

Card modems

If your machine doesn't have a built-in modem, you can connect to the Net via a PC card modem instead. Sometimes new portables come with such a card already. PC cards can be used with a landline and many can also be used with a mobile phone. What's more, they are easy to install and convenient to use.

The key advantages of using a portable computer for your mobile Internet access are that it will offer a large screen, with the ability to show full Web pages at a good size, and it will display them in colour, so that graphs are easy to read.

But however slim and light-weight portable computers are, they are never going to be as light and easy to transport as true handheld devices.

3Com Palm III, Palm V

The Palm devices from 3Com are stylish computers that can manage your diary as well as provide you with Internet access. They come with built-in software that serves a range of functions, such as a diary, address book, to-do list and memo pad.

In addition, there are thousands of extra applications out there – some shareware, some free, and some from commercial publishers. The wide availability of software has helped Palm computers achieve, and then maintain, their huge popularity.

Ultra thin

The Palm V's ultra thin design is very chic, while the Palm III range has been popular for several years and now comes in several versions. A recently released Special Edition of the Palm IIIe, which is translucent, has caused a stir among more stylish users.

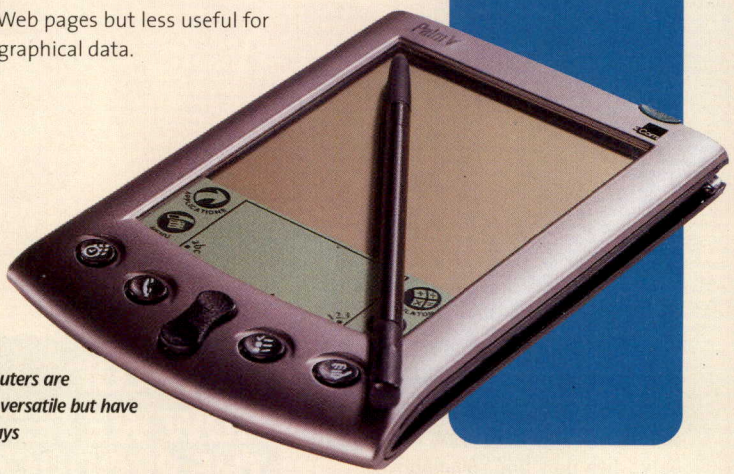
While it is possible to take advantage of the Internet with a Palm computer, you need to overcome a number of hurdles first. In particular, none of the Palm machines comes with a modem, but they can all connect to the Net via an optional modem. Email management software comes as standard and you can download or synchronise email automatically from your PC, so reading messages on the move is no problem.

All Palm computers have mono-chrome screens with quite small displays.The Palm V display, for example, measures 57mm wide by 57mm tall. This is fine for email and text-rich Web pages but less useful for complex graphical data.

Internet investor RATING

£ £ £ ○ ○

Pros: very portable
Cons: modem costs extra; small screen



Palm computers are stylish and versatile but have small displays

Internet investor RATING

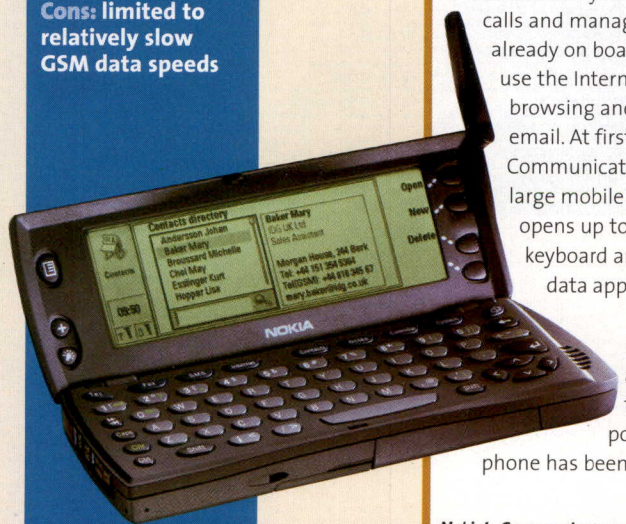
£ £ £ ○ ○

Pros: get online as soon as you buy the unit
Cons: limited to relatively slow GSM data speeds

Nokia Communicator

Nokia's Communicator is a hybrid mobile phone and personal organiser. It has all the facilities you need to make calls and manage information already on board, and is able to use the Internet for both Web browsing and managing email. At first glance, the Communicator looks like a large mobile phone, but it opens up to reveal a full keyboard and screen for its data applications.

Sending and receiving emails, and getting on to the Web are possible after the phone has been set up with the ISP details. The built-in Web browser supports bookmarks and you can set up 'smart bookmarks' which automatically collect selected Web pages at set times – handy if you need to keep an eye on information that changes regularly.



Nokia's Communicator uses a GSM phone link to access the Internet

Internet capable

The Communicator's keyboard is not as good as that of the Series 5mx or Jornada 680 but it is fine for typing the odd email. The screen on the Communicator is quite wide but narrow, too – you'll have to scroll up and down to read long Web pages. While its display can cope with images, it is not colour, so detailed graphs can be difficult at times.

Nokia's Communicator is an Internet capable device with no extra hardware needed, and for that reason alone some people swear by it.

Ericsson MC218

Ericsson licensed the Series 5mx hardware and software from Psion and built it into a device which looks a lot like a Series 5mx. It can even do the same general computing jobs such as word processing and spreadsheet work.

The MC218 has some special enhancements for mobile phone users who want to stay connected. Among these is a phone management tool that can keep contact information on your phone up to date. This is really useful, as getting new contact details into a mobile can be a tedious job.

Infra-red modem

It is worth noting that this only works with Ericsson phones, though. They either have to have a modem built in or be able to accommodate the infra-red modem that comes with the MC218 (compatible phones include the 600, 700 and 800 series, A1018, T18 and T10).

Among the other extras you get with the MC218 is a WAP browser (see the previous page for more on this), and an application called Offline Web.

This is particularly useful. It sits on your PC and can be set up to retrieve Web pages automatically. You could use it to make sure you stay up to date with financial Web sites without having to visit their pages manually. When you connect the MC218 to a PC for an information sharing session, these pages can be downloaded to the handheld for referral when you are away from your PC.

This feature doesn't stop you using the MC218 for browsing the Web directly, which you can do from your Ericsson mobile phone or by using a PC card adaptor and modem. But the comments we make about the screen and keyboard of the Series 5mx on page 48 also apply to this machine.

Ericsson's MC218 includes useful Web communications facilities

Internet Investor RATING

£ £ £ ○ ○

Pros: modem for GSM use supplied with handheld
Cons: modem only works with Ericsson phones

Hewlett Packard Jornada 680

Microsoft has a special operating system for portable devices called Windows CE.

Some people refer to it as a 'cut-down' version of Windows, because the two look rather similar. In fact Microsoft insists that CE has been built totally independently.

Several hardware manufacturers make machines that run Windows CE.

One of the best comes from Hewlett Packard – the pocket-sized Jornada 680. A new version, soon to appear, called the 690, adds more RAM to the system but is otherwise the same as the 680.

The 680's keyboard is not quite up to the standards of the Psion Series 5mx but it is pretty good.

Windows CE comes already supplied with a range of applications. These include a word processor, spreadsheet, database and presentations tool, and there is also a Personal Information Management Suite comprising diary, contact, time and email manager similar to those found in *Outlook*. There is also a Web browser similar to *Internet Explorer*.

Copy settings

The Jornada 680 comes complete with a built-in 56K V.90 modem and is supplied with a landline cable. Setting the software so that you can log on to your Internet service provider is a similar job to setting a PC up using Dial-Up Networking. You can copy the settings from your PC or get your ISP to talk you through the process.

The 680 also has a PC card slot, so you could a PC card modem that is GSM configured and use the handheld with a mobile phone if necessary.

The Hewlett Packard Jornada boasts an internal modem but a small screen

Internet Investor RATING

£ £ £ £ ○

Pros: colour display, internal 56K modem
Cons: screen too small for reading complex pages

money on the move

EMAIL TO PAGER

Pocket-sized way to stay tuned to the Web

If you can't afford to buy a hand-held computer or if you don't need all the functions that they offer, then a pager might be the solution you need.

Gone are the days when pagers purely passed on messages from one individual to another. There are now paging services that are capable of sending you stock quotes, news headlines, even the National Lottery numbers as regular information feeds.

Regular updates

Just as important as regular newsfeeds is the ability of many of these devices to alert you to incoming emails and even faxes sent to another device, such as an Internet service provider's mailbox. Just think of the advantages of being told the precise moment that an important email arrives.

This is possible because you don't have to tell a pager to go off and check for new information. It automatically does the job at regular intervals, beeping at you when it has something to report.

Another point in the pager's favour is that it is tiny. Even if you don't have a pocket big enough for a handheld computer, you almost certainly have somewhere you can tuck a pager away.

If your financial interests require you to keep your information up to date and you don't want to lug a portable around, then a pager could be just the solution.

Cassiopeia E105

Not only does Windows CE appear in several handheld computers, but it's also in a range of devices without keyboards, called palm-sized PCs. One of the top models in this sector is made by Casio.

Because it lacks a keyboard, the Cassiopeia E105 is not designed for large amounts of text entry. The touch-sensitive screen does include a keyboard display that you point at and handwriting recognition software. Both of these can be used to input short notes but not for writing long texts.

Instead, the Cassiopeia comes with a range of extra facilities. These even extend to an MP3 player for music files with an output to stereo headphones.

Share email

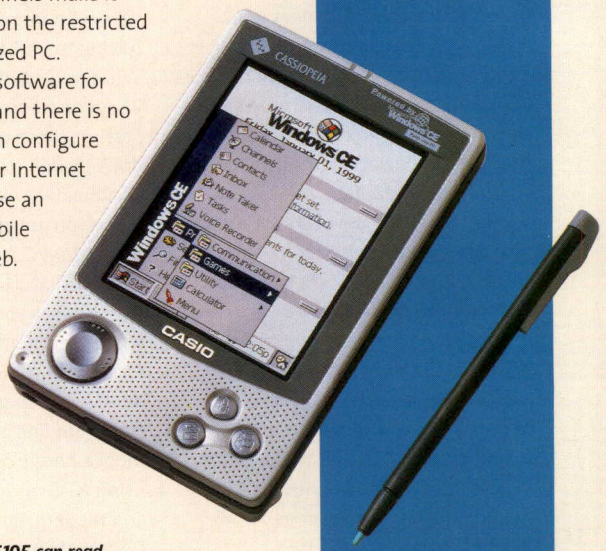
The software package that comes as part of Windows CE includes tools for managing email. The Cassiopeia E105 can share email with your PC, allowing you to read and write communications on the move. There is also some special software for viewing 'channels'. These are made up of specially-formatted data from the Web. This is picked up on your PC when you go online and passed to the Cassiopeia when you connect the two machines. Channels make it easier to see Web data on the restricted screen size of a palm-sized PC.

There is no built-in software for browsing the Web live and there is no built-in modem. You can configure dial-up accounts to your Internet service provider, then use an external modem or mobile phone to access the Web.

The screen on the Cassiopeia E105 can show 56,000 colours, so graphs from the Web look good, but the small screen size may restrict regular users.

Internet investor RATING

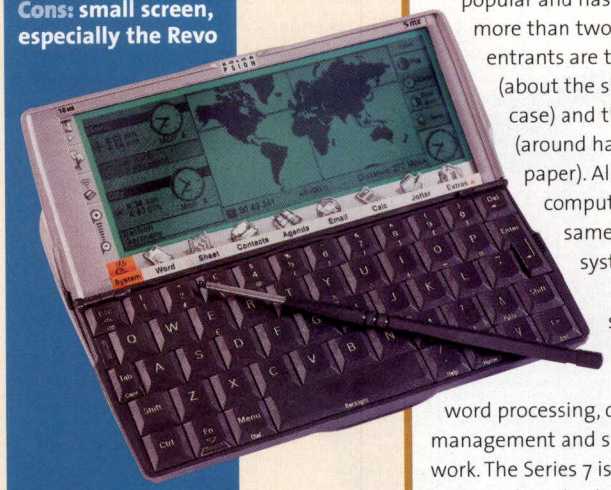
Pros: colour display
Cons: modem is optional extra



The palm-sized Cassiopeia E105 can read specially-formatted Web pages

Internet investor RATING

Pros: good Web page support
Cons: small screen, especially the Revo



Psion handhelds

Psion makes handheld computers at various sizes. The Series 5mx is the most popular and has been around for more than two years. New entrants are the smaller Revo (about the size of a glasses case) and the larger Series 7 (around half the size of A4 paper). All three computers run the same operating system, called EPOC. They are all supplied with the same software for word processing, diary management and spreadsheet work. The Series 7 is the only one with a colour display. All three machines have excellent keyboards, ideal for typing emails, but Internet access is difficult because none of the machines comes with a modem. The Series 7 will work with PC card modems from Psion Dacom – you get a money-off voucher in the Series 7 box. You can buy a PC card adaptor for the Series 5mx and use PC card modems, too. The Revo does not have any expansion slots.

Owners will have to wait for Psion Dacom to launch a infra-red modem. All Psion machines feature infra-red, so use with a mobile phone is an option. All Psion machines come with email and Web browsing software.

The monochrome screens of the Series 5mx and Revo are not the best for viewing complex graphical emails, but that of the Series 5mx in particular is large enough to give a good view of a Web page. The colour screen of the Series 7 is superb.

Psion's handheld computers have useful keyboards but don't include modems

THIS MONTH IN...

.net

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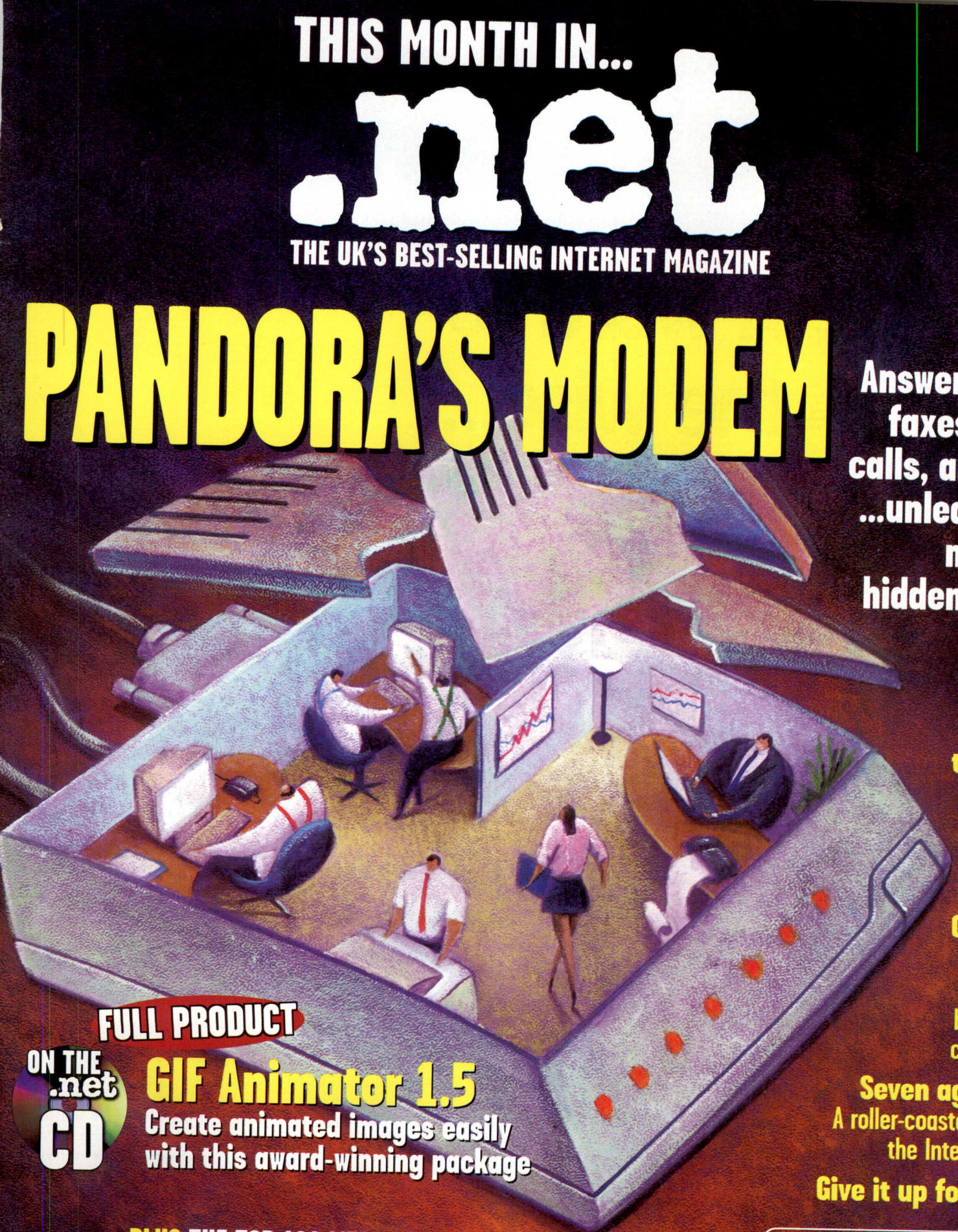
PANDORA'S MODEM

Answerphones, faxes, phone calls, and more ...unleash your modem's hidden powers



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MONEY TALKS

Internet investing: is it a **fact or fantasy?** Here are a few **home truths** for the starry-eyed

A word to the wise...

Creative writing classes around the planet teach generations of eager, aspiring writers to start their pieces with bold, contentious statements. It's the best way of drawing in the reader, so they say. Here goes:

There is no such thing as Internet investing. It's a fantasy.

Honestly. Hear me out. I'm not saying this magazine doesn't exist. Of course it does. You're grasping it (and, we venture, creasing that upper right-hand corner just a l-i-t-t-l-e too vigorously). Before you put it back on the shelf and exit the shop the way you came in, let me explain.

Two hot critters

There are a lot of buzzwords flying around these days and 'Internet' and 'Online' are two of the sexiest and hottest of these little critters. Slot in pretty well any noun immediately after either one and you seem to have founded a new discipline: Internet Oven-Cleaning, Online Nose Hair Trimming, Internet Home Economics... It's easy. Try it yourself.

The next step, of course, is a business plan, an approach for venture capital funding and the all-important URL: TrimThoseNastyHairs.com.

The thing is, though, none of these disciplines is fundamentally different to its offline brethren. Simply because something is made easier, or more effective, through the use of the online medium does not mean the ground rules have necessarily changed. And so it is with Internet investing.

The Internet has transformed the investing landscape for the ordinary punter. You can now buy and sell shares at the click of a mouse, access company information and analysis previously available only to professionals (if at all), swap ideas with other investors around the world, follow the prices of your companies on a real-time basis if you wish and much more. It's magic. But don't let it turn your mind.

Just because you can trade more easily and more frequently, it doesn't

Like any new frontier, the Internet favours those who are creative and prepared to take a risk

mean you should. You'll still get stung for commissions, stamp duty, tax liability and the bid-offer spread.

Those same creative writing classes that suggest a slap-in-the-face intro also advise explaining any trade jargon whenever it appears. So for any enthusiastic beginners who are still puzzling over what the bid-offer spread is, here goes: it's the difference between the bid price (at which the holder can sell shares) and the offer price (at which the purchaser can buy shares). On occasion this can be quite large and depends on the equity's underlying price, liquidity, volatility and a number of other factors. Many unit trusts also have a bid-offer spread and effectively this amounts to an extra exit charge when the investor sells.

And the point I'm trying to make to beginners and experts alike, is that even though you're using the Net normal investing common sense still applies: daytrading is likely to hurt your wealth, penny shares aren't 'cheaper' than other shares and hot tips usually aren't hot.

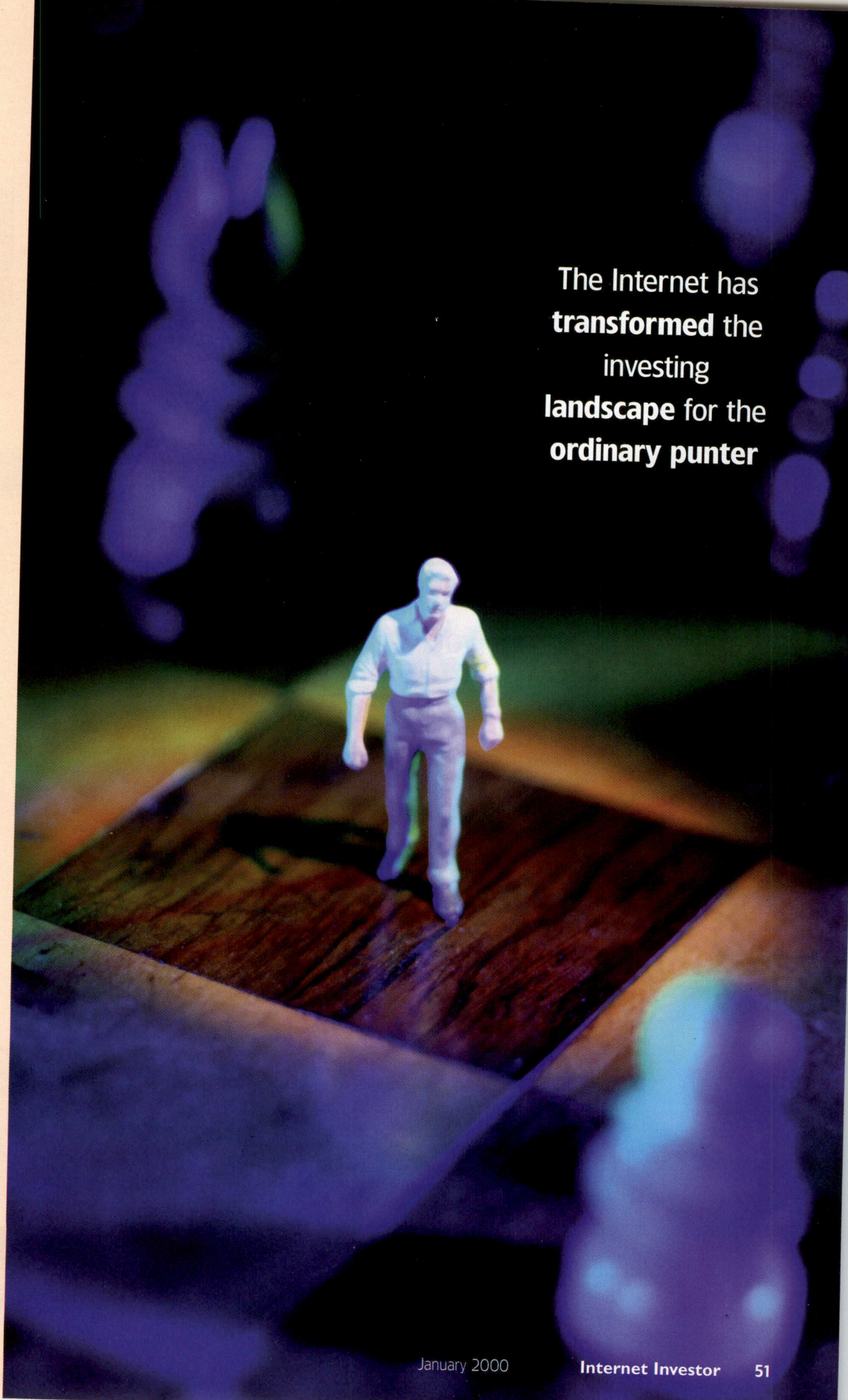
Similarly, just because a company does business on the Internet, and we all know the Internet is going to change the very fabric of society and revolutionise the way we tie our shoelaces, doesn't mean that company is necessarily a good investment.

Who will go bust?

Many 'Internet' companies are going to go bust. Some will do well, very well, but the basis of your investing decision is little different for an 'Internet' company to a non-Internet company. You're still looking at the strength of its underlying business, the originality of its idea, any barriers to entry for competitors in the sector, the projected revenue growth, the brilliance or otherwise of the management and much more.

Adopt the attitude that different companies will make greater or lesser use of the cost-savings, distribution and marketing opportunities the Internet offers and that it is this on which they should be judged. Not all the savvy companies are going to be start-ups that grew from hare-brained schemes in garages somewhere to world-beating companies. Some will be, like

David Berger
Co-author of 'The Motley Fool UK Investment Guide' and Chief European Fool of the Motley Fool group of financial advisers
www.fool.co.uk



Amazon the online bookshop, lastminute.com the (British!) online impulse retailer and, of course, Yahoo!

Some of the companies that best exploit the Internet, however, may pop up from quite unexpected corners. The Prudential has created its Egg Internet banking arm and set a trend others are scrambling to follow. It has spent a fortune in marketing, racked up horrendous losses and yet has created a massive brand name with a large customer base, which it can now capitalise on. All from nothing just over a year ago. 'The man from the Pru': who would have thought it?

And who would have thought an airline would lead the way in online sales? Have you visited **www.easyjet.com** recently? There's an innovative company from an old, many would say, tired, industry using the new medium to its full advantage.

Like any new frontier, the Internet favours those who are creative and prepared to take risk. Creativity and courage are what any company that wishes to use the Internet to its full potential is going to need. The challenge for them is to foster that spirit and reward enterprise. The challenge for you as an investor is to figure out which companies are doing so effectively, whether they're from an 'old' industry or one of the 'new' ones.

Perhaps we should look again at the intro to this article. It's not that there is no such thing as Internet investing or an Internet company. No, it's that very soon all investing will be Internet investing and all companies will be Internet companies.

Fool on, Internet investor!

THE shoestring INVESTOR

However little money you have **to invest**, you can make it **work for you**. We show you what you can do with just **£50 a month**

Text: **Peter Temple**
Photo: **Tony Stone Images**

Whether you want to invest a modest amount of money each month or are wondering what to do with your latest windfall payout, there are many investment strategies you can choose from, depending on your attitude to risk. This month we look at low-, medium- and high-risk ways of investing just £50 a month.

Of course, low-risk strategies and the associated ease of access to your money come at a price – low rates of interest – while high returns come with high risks attached. Let's take a look at some of your options...

LOW RISK

Got a low risk tolerance? Then salting away something into a bank deposit account each month is the answer. You may not think of this as investment, but it is, and it involves just as many choices as other forms of investment. You need to examine the rates on offer carefully, for a start.

The key point to bear in mind is how the headline rate is quoted. Often it will be in the form of an Annual Equivalent Rate (AER), which takes account of the fact that as your money earns interest over the course of a year at, say, 5%, you will end the year with a higher amount than you started with. Hence the rate you actually get will be slightly less than the headline rate. The AER adjusts for this.

These differences are small and much less important than the rates you can earn if you are prepared to lock up your money for a specified length of time. The longer you are prepared to leave the deposit with the bank, the higher the return you will earn. Instant access accounts, for example, pay less than 90-day notice accounts, which in turn pay less than products such as National Savings Certificates. These allow you to invest small amounts regularly (the minimum is £100) and are tax free, but require you to keep your money locked up for two or five years. See the Web site at **www.nationalsavings.co.uk** for details.

Hidden costs

Watch out for any charges levied for administering accounts. Banks such as Egg (**www.egg.com**) and First-e (**www.first-e.com**) offer Internet-only accounts with attractive rates into which regular deposits can be made automatically. The MoneyeXtra Web site at **www.moneyextra.co.uk** offers good comparison tables of different Internet-based savings products, their rates and charges. (For more information, take a look at our 'Net gains' section starting on page 57.)

egg: Individual Money Matters
Bin your old plastic.
Egg Card's arrived.
Low interest rates - a standard rate of 9.9% APR, cash back on every purchase and our Egg Card Internet guarantee. Isn't it time you applied?
More Info
Christmas Ideas
Don't be a pudding this Christmas. Tired of fighting your way round the shops every year? Then sit back and get everything you need online with Egg. We've got over 300 great gift ideas.
Savings Online
With Egg's Internet only Savings option, you manage your money online and we'll pay you 6.3% gross p.a./ AER from just £1
Servicing
Manage your Egg savings accounts and Egg Card day or night - get a statement, check your balance, transfer funds online or activate your Egg Card.
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Egg-free zone
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About Egg
Your Account
Site Contents

Egg offers an Internet-only savings account with an attractive interest rate of 6.3%

MEDIUM RISK

The medium-risk approach to saving and investing comes in schemes that enable you to invest small, regular amounts in unit trusts or investment trusts.

Unit trusts are collective investments where the savings of their investors are pooled and put to work in a broad spread of investments, some with a specialist slant.

Buy your share

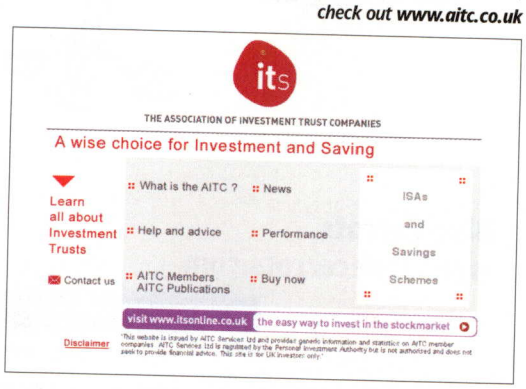
Investment trusts are companies, often long-established ones, that were started with a specific sum of money to invest and that are now listed on the stock market, so investors can buy shares in them. Different trusts operate different investment policies, some investing broadly and others in specialist areas or countries.

The point about investment trusts is that they often stand at a modest discount to the underlying value of the shares in their investment portfolio, so you can sometimes get extra value for money, buying a pound's-worth of investments for 90p.

Both unit trusts and investment trusts operate savings schemes, which enable you to invest small, regular amounts without paying excessive charges. For details of investment trust savings schemes, go to the Association of Investment Trust Companies Web site at **www.aitc.co.uk**

The big attraction with investments like this is that over a period of years, they ought, on average, to produce significantly larger returns. Studies show that investing in a unit trust or investment trust that has a broadly based portfolio or one that's specifically designed to track the market (an index-tracker) should produce a long-term return in the region of 12.4%, compared to a rate of, perhaps, 5.2% from a bank-based savings product.

If you're interested in an investment trust, check out www.aitc.co.uk



HIGH RISK

Got your heart set on a new car or holiday? Then taking the high-risk route with small monthly savings is neither particularly wise nor easy. If you take the high-risk route, you should really only invest money you can shrug your shoulders about losing.

Borrowing money to invest in shares is one medium some people consider but, for obvious reasons, banks are not keen on this, and at the very least will want to see some form of collateral (such as your house, if you own one, or an existing portfolio of shares) before they will lend.

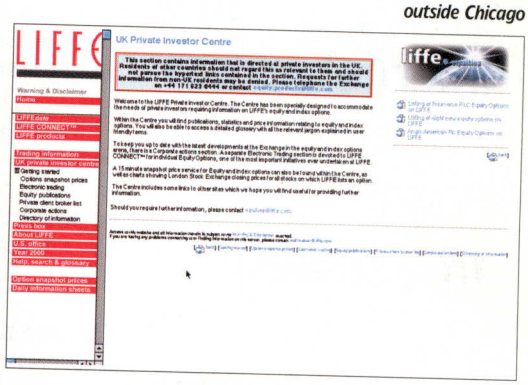
The problem with borrowing to invest is that if the shares you buy go down in value, the collateral for the loan diminishes, and you have to top it up, which may not be convenient or even possible.

There are geared-up forms of investment such as options on shares and warrants. These function in similar ways. An option gives you the right (but not the obligation) to buy or sell a specific parcel of shares at a fixed price until an expiry date some time in the future. If the underlying share moves the right way, you can make a bundle. If it doesn't, then your investment will probably be wiped out when the option expires.

Living dangerously?

The same is true of warrants. Warrants are the equivalent of an option to buy a particular share. They tend to last for much longer than the average option but will usually only break even if the underlying share price rises by a significant amount. The problem with both types of investment for small savers is that minimum dealing costs make it difficult to participate in the market unless you have a few thousand to invest. And they are very high risk.

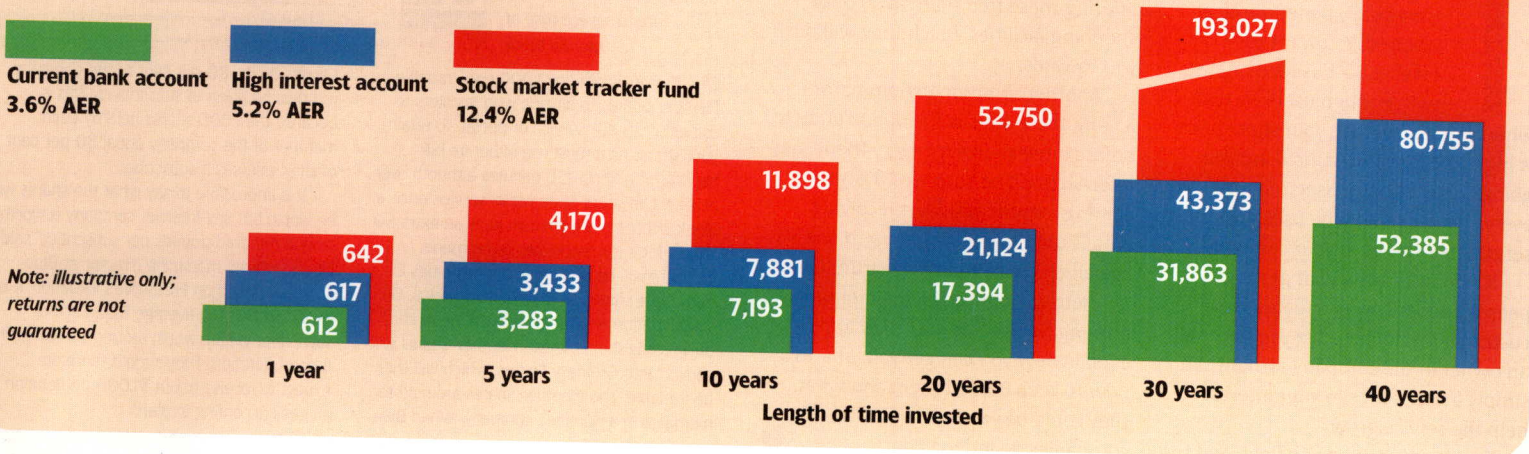
*Liffe, **www.liffe.com**, is the largest financial futures market outside Chicago*



The power of compounding

The table shows the amount generated by an investment of £50 per month, every month, over various time periods at different rates of return. Returns are assumed to accumulate tax-free.

Graph not to scale. All figures in £



Note: illustrative only; returns are not guaranteed

Money for nothing, shares for free?

Text: **Dan Oliver**
Illustration: **Stuart Harrison**

Not content with offering you **free Internet access**, companies are now giving away **free shares** that could net you **a small fortune**

This is one of those ideas that is mutually beneficial to all involved. You want to establish a business online with enough users, so that when you finally float, your share price is high. The question is, how are you going to get enough users? Simple, give every single person who uses your service free shares in your company.

It's an inspired way of getting people onboard and it creates great customer loyalty because you become an owner in the company, rather than simply a user, so it's in your interest to help the service grow.

Freeserve's decision to float, and the subsequent predictions of a hefty share value, put some pretty big price-tags on the head of each user. New Internet service providers (ISPs) and Web portals quickly realised that they had to think of a way of attracting users in an increasingly competitive market.

A recent report from financial analysts Dresdner Kleinwort Benson estimates that each subscriber will add £1,400 to the value of the company, so it's easy to see why ISPs are willing to give you a stake in their companies.

The money makers

Although the shares/units are allocated when you register with a respective company, it's not really the revenue generated from you using the ISP that they're interested in. The big money maker for these companies will be e-commerce, and all the companies offering these free shares also offer shopping facilities which they will push you towards.

Another common denominator linking these sites is the opportunity to amass more shares for every friend you refer. So don't be surprised if over the coming months you start receiving emails urging you to sign up to one, if not all, of the companies featured here.

Here we look at the main players offering free shares in the UK and explain how you can get your shares, how to keep hold of them and what they could be worth if these companies do indeed float.

Blue Carrots
www.bluecarrots.com

Don't try to figure out the name – apparently it was conceived with the help of hops and barley after a severe case of mental block

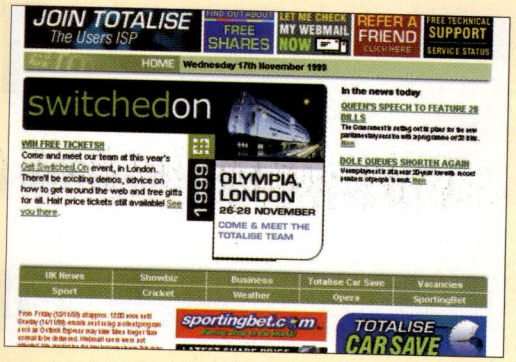
Blue Carrots is offering 1,000 non-tradable Member Shares to anyone who registers to use either its ISP service or portal. To retain your shares, you must use either its ISP service for at least 150 minutes a month over at least two years or its portal service once a week. What's more you can earn an extra 50 shares for each friend you recommend.

There will be additional opportunities to earn more shares as Blue Carrots grows. On sale, flotation or 10 August 2001, depending on which is sooner, these Member Shares will convert into Ordinary Shares, which will then be tradable. The Member Shares are held for members in a nominee company. When Blue Carrots floats, 80 per cent of the company will thus be given to subscribers. This is because the 1,000 shares held by each member of the company equal 80 per cent of their value as a subscriber.

"It is impossible to say what the shares will be worth but any Internet company is worth several hundred pounds per subscriber," said David Dobson, managing director at Blue Carrots. "Based on Freeserve's valuation, it is expected that the average Blue Carrots subscriber will be worth around £1,400 at the time of flotation. They should therefore expect to receive about £1,000 on flotation if all goes according to plan."

Totalise

www.totalise.co.uk



Totalise was the first of these 'free share' companies to launch in the UK, but it didn't take others long to follow suit

Totalise was the first UK Internet company to offer free tradable shares back in July. Private funding of over £1m enabled it to develop a range of Web services including its free ISP.

If you sign up and use the service for three months, you can earn 250 free shares. You can earn additional shares by using extra services and introducing new users..

Sixty-seven per cent of shares will go to users, with the average user holding 3,500 shares. The starting mid-price of the shares will be 20p, and they will be tradable on OFEX, the facility for trading in securities in unlisted and unquoted companies.

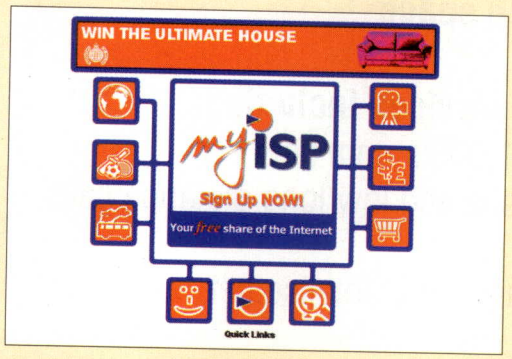
"Beyond aiming to provide the best service, our value as an ISP will lie in having a large number of active and loyal users and we want our users to share in our success," said Dr Peter Gregory, chief executive of Totalise plc. "We have committed to a share structure that is clear and gives users control of the company through their majority holding of ordinary shares."

In addition to the free shares, Totalise aims to encourage loyalty in its new ISP service by providing you with a package of facilities including: free technical support through a freephone helpline; Web-based e-mail, allowing e-mail messages to be accessed from any PC or laptop computer, irrespective of location; and a facility for faxes to be received as e-mail.

Subscribing for your free shares couldn't be easier. You can register online via its Web site and be up and running within minutes, as you can for all the companies featured here.

MyISP

www.my-isp.co.uk



MyISP has already attracted 50,000 registrants, and this figure continues to grow with the offer of free shares as the main incentive

Instead of issuing shares, MyISP allocates you units, which will be converted to shares on flotation. It's a one-for-one basis, so each unit will become a share. The number of units you receive depends on how early you register. This is how it works:

- The first 20,000 registrants have already received 10,000 units each.
- The next 500,000 registrants will receive 1,000 units each.
- The next 1,000,000 registrants will receive 500 units each.
- The next 2,000,000 registrants will receive 200 units each.

Once you've signed up online, there is no pressure to use the service again; you will still have your units.

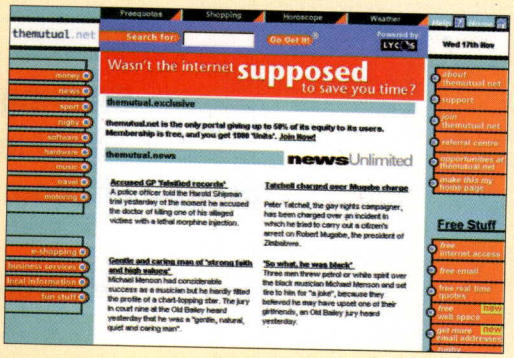
However, Quentin Reynolds, a spokesman for MyISP, says: "The more the service is used, the more profitable the service will become, hence the name MyISP."

He adds that you can get extra units by recommending friends and through competitions on the site.

Of the units' worth, Reynolds commented: "It is difficult to put a price on the shares when we eventually float. But if I was forced to set a benchmark, I'd say the share value will probably be between £2 and £3."

Themutual

www.themutual.co.uk



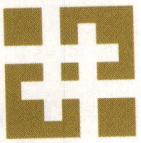
Themutual.net offers a variety of services, including the ability to get free quotes

Themutual sounds more like a building society than an ISP, but perhaps that's the point. Unlike Blue Carrots and Totalise, who clearly stipulate how often you must use their services to keep your shares, Themutual states in the opening blurb on its Web site that: "We believe that as all the services we bring you are free, you should use them when you want and for as long as you like; after all, what kind of 'free' service requires you to use it for a minimum amount of time?"

This sounds great until you read the terms and conditions of the service and discover that if in the opinion of the board you are no longer an active user of Themutual, you may see your share allocation being "reduced". This shows how important it is that you read the terms and conditions of a particular service when you sign up.

Themutual is one of the services that supplies units, and not shares, on a one-for-one basis. The first 500,000 registrants are eligible for 1,000 units each, the next 1,000,000 get 500 and the next 5,000,000 registrants receive 200 each.

Like Blue Carrots, you don't have to use Themutual's ISP service to get free shares; instead, you must regularly visit its site. Currently, you can get 1,000 shares by registering online.



TOTALISE

www.totalise.net

THE ONLY ISP OFFERING FREE REAL TRADEABLE SHARES*

WE OFFER OUR USERS:

An average of 3500 free Totalise shares per user, over a period of 2 years

PLUS:

Freephone support line

Local rate calls

Free Access

Choice of POP3 & IMAP4 web based email

20Mb Free Web space

Growing portfolio of user services including:
Totalise Eurekar - save £1,000's on a new car
Totalise Telecom - free Internet access and low long distance calls

Visit our site for more details www.totalise.net

TOTALISE

The users ISP

www.totalise.net

*Share offer subject to terms on our web site - see www.totalise.net for offer details.

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Baker Tilly, acting as agent for the company, makes no recommendation of the services provided or to be provided by Totalise plc, nor of the suitability of any investment which is the subject of this advertisement.
The directors of Totalise accept responsibility for the contents of this advertisement.
The value of shares may go down as well as up. Totalise plc has a trading facility for its shares on OFEX which is not a regulated market and has less than three market makers.
It may be difficult to sell or realise the investment and obtain reliable information about its value or the extent of risk to which it is exposed.

net gains

Online financial shopping can save you time and money. Kathy Lines shows you how

net gains explained

Main text

We look at each of the six vital areas of personal finance and explain how to use the Net to find the best deals. Get the information, advice and products that are best for you. We list the sites that make the difference – starting with the definitive pages that tell you everything you need, then leading you to the specific experts with the best products.

Websearch

Which sites are worth exploring? And which are best avoided? Our five-star rating system helps you pick between the good, the bad and the downright ugly online operations. We test the major money sites for the speed, utility and efficiency of their sites. Which will give you the most help quickly and simply?

The 60-minute test

What can you achieve in an hour? Visit one pension office? Telephone two insurance brokers for quotes? Or search dozens of online experts? We give the Net real-life problems to solve against the clock. How much is it possible to save in 60 minutes online?

Net gain

This sets out exactly what we achieved within the hour, highlighting the saving and product details.

CREDIT CARDS

It's easy to find the lowest APR... then apply online in minutes

LOANS

Find the cheapest borrowing and make the perfect deal via the Net

INSURANCE

Online brokers can find you the best deals in the fastest time

SAVINGS

Maximise your returns – let the Net find the best home for your money

MORTGAGES

Pick a winning way through the mortgage maze – consult the Internet

PENSIONS

Take the advice of scores of leading experts – without leaving your chair

Superstock

Fed up with paying an APR of over 15%? Then **check out the best** credit card **deals** on the Net

credit where it's due

The Net gives you **easy access** to **the best deals** at the **click of a button**

The number and variety of credit cards has mushroomed in the last few years. Now a diversity of providers offers a range of prices. As a Net-wise investor, it's easy to check out some of the latest offerings or even apply for a new card online.

The Net offers the opportunity for you to compare APRs of different credit card providers in a matter of seconds. While you may not always get a discount for signing up for a new card online or transferring your balance to a new provider, the Net gives you access to the best deals at a click of a button.

For lists of credit card suppliers with Web sites, try a search engine. Yahoo! (**www.yahoo.co.uk**), for example, generated a list of Web sites including Bank One (**www.bankone-uk.com**), old favourite Barclaycard (**www.barclaycard.co.uk**), Goldfish (**www.goldfish.com**), the Woolwich (**www.woolwich.co.uk/creditcard**) and the Unity First MasterCard (**www.unioncard.co.uk**), though not the most successful of the new card providers, Egg (**www.egg.co.uk**).

Visit several to get a feel for the suppliers. They range from the stylish Bank One – an easy-to-navigate site offering four styles of card, plus a selection of Affinity cards linked to lifestyle interests like Wimbledon tennis or National Hunt racing – to the worthy but dull look of the Unity First MasterCard.

Some, such as Goldfish, BankOne and Egg support online applications; others offer little more than an email facility for further information.

Contrast and compare

While an online application facility may not be a priority, getting a good deal most certainly is. For that, it is best to go to one of the personal finance sites for both general and comparative information, as comparing different APR rates as you go from site to site is not always easy.

There's a useful Q-&-A-style guide to credit cards at This is Money (**www.thisismoney.com**), with clear explanations of key issues to look out for. This covers interest-free periods, the importance of using your credit card for large purchases and why different cards suit different users. It also has a selection of best credit card deals, which can be sorted by the interest rate you pay on purchases and cash withdrawals, their interest-free period and any annual fee.

A similar service is offered at MoneyeXtra (**www.moneyextra.co.uk**), but here the charts generated are personalised to your needs. To get this service, you simply fill in a questionnaire which establishes how you like to use your credit card (for example, paying it off in full each month) and whether you are interested in incentives such as Air Miles. The resulting chart provides you with full details on each card and a link to the provider of the card. It does not, however, tell you whether you can apply for the card online or not.

Finally, what about actually using your card on the Net? While many people remain cautious, it is no riskier than speaking your credit card details over the telephone.

Good practice suggests that you should only buy from sites providing a secure link which encrypts the credit card details. Always print out a copy of the transaction and, if you are buying from abroad, try to get the price converted to sterling before you confirm the deal. (For more on security, turn to page 76-77.)

WEBSEARCH: CREDIT CARDS

There are many online credit card providers out there offering a variety of deals. We take a look at four to help you get started

NOTE: Read the terms and conditions carefully as the rates vary wildly. Check interest-free periods: some offer around 56 days, while others are shorter or even non-existent

a Goldfish of your own
Everything you wanted to know about owning and caring for a Goldfish
Choosing your Goldfish
Loveable qualities
Cut the cost of living
Hidden talents
The one that got away
APPLY NOW

Internet investor RATING £ £ £ £

APR for balance transfers: 12.9% for first 6 months

Goldfish www.goldfish.com

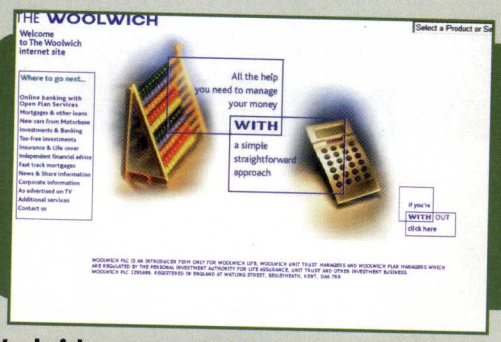
This site doesn't take itself too seriously, is easy to navigate, makes its terms and rates very clear, and is bright and clean. This is a customer-friendly site that makes the effort to tell you how long your online application will take (about five minutes). It's impressive to navigate but you can get better introductory APRs if you shop around.

Internet investor RATING £ £

APR for balance transfers: 6.9% for first 6 months

Football MasterCard www.footballcard.co.uk

Support your favourite football team with a MasterCard Affinity card branded with your club's identity. Each time you use your card, the Royal Bank of Scotland makes a contribution to your club (although it's not clear how much). You have to fill in a form online to request an application form – you can't apply online. That said, the introductory APR is fairly competitive.

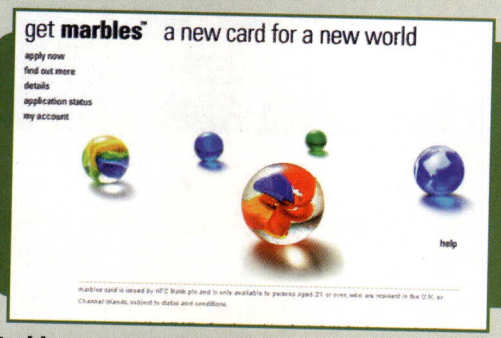

THE WOOLWICH
Welcome to The Woolwich internet site
All the help you need to manage your money
WITH
a simple straightforward approach

Internet investor RATING £ £ £

APR for balance transfers: 6.9% for first 6 months

Woolwich www.woolwich.co.uk

Find out everything you need to know about applying for a Woolwich credit card on this easily navigated site. Unfortunately, you can't apply online, though; instead there's a free call-back service but you have to have a second telephone line or disconnect from the Net to use it. It might appeal to those who prefer a tried-and-tested provider.



Internet investor RATING £ £ £ £

APR for balance transfers: 5.9% for first 6 months

Marbles www.marbles.com

Marbles is a friendly, unpatronising site which claims to offer 'a new card for a new world'. It provides a quick uncomplicated way to apply online. Along with a competitive APR rate, the site offers online account handling for customers. The straightforward application form promises you a 60-second decision on your account. Marbles is owned by HFC Bank.

THE 60-MINUTE TEST

Task: Could I find a credit card offering a more competitive rate of interest and transfer my existing card debt?

For years I have used my Barclaycard without giving it a second thought. But an increasing number and variety of other credit cards are becoming available. Why should I continue to pay an APR of something like 14% (difficult to be precise because of Barclaycard's complex pricing structure) on my outstanding balance of around £400 each month?

I've seen and been tempted by the rates offered by Egg (online, in newspaper adverts and in mailshots) for its credit card. Not only does it offer a great introductory rate of 4.5% on transferred balances for six months but its standard APR is 9.9% – which is definitely a saving.

A visit to This is Money (www.thisismoney.co.uk) confirms that at this time Egg does indeed offer the lowest credit card rates. At the Egg Web site (www.egg.co.uk) I easily navigated to the application form. The blurb tells me that an immediate online decision is usually given.

I am advised to gather details of my bank account and earnings. The first few forms are straightforward; then I hit a problem. Although I have selected 'self-employed', a form comes up with mandatory fields asking for my employer's name and address. I leave it blank but the form is then returned, forcing me to enter my own address.

The next form is also tricky, asking for my net monthly salary. As with many self-employed people, this fluctuates fairly wildly, so this too is problematic. Lastly, I am asked to detail my 'share' of monthly outgoings. Difficult, as I have a joint account and we don't think in terms of 'share'.

I am not surprised when a screen comes up telling me that an online decision is unavailable and that I will be telephoned in the near future by an Egg member of staff. It's not disastrous and I've done most of the leg-work and, more importantly, I'll make a good saving when my application is approved.

NET GAIN

I managed to reduce the APR of my credit card by two thirds

Product: Egg Smart card

Provider: Egg

Time spent online: 45 minutes

- **www.egg.co.uk**

Superstock

Fancy a **new car** or planning your **next holiday** but don't have **sufficient funds**? Then the Net may be able to help you find the **cheapest loan**

the loan arrangers

Earlier this year the Bank of England published figures showing that individual bank loans had soared to around £10.2 billion a year. This says something about how comfortable we are as a society with the notion of borrowing or, to put it another way, how socially acceptable it now is to take out a loan or two.

That process is even easier on the Internet. A wealth of information-rich sites enable you to compare the cost of various types of loan and even apply directly for borrowing.

LineOne's (**www.lineone.net**) Money Zone offers excellent starting advice, with a Q-&-A loan guide and some comparison rate charts for overdrafts, unsecured personal loans and secured loans.

The guide might be too simplistic for some, beginning with the statement that "The simplest way of borrowing money is to borrow it from friends or family and pay it back to them," but it's a valid starting point and mercifully jargon-free. Also provided are the contact numbers of two credit lending agencies, which is useful should you be turned down for a loan after a credit-check.

Compare prices

Slightly more detailed than LineOne's site is This is Money (**www.thisismoney.co.uk**) which also has an introductory guide to loans.

If you just want to compare prices, there are several options. FT Quicken (**www.ftquicken.co.uk**) has a series of simple, regularly-updated charts with the best rates across a number of types of loan. These include personal telephone loans, secured lending by telephone, and overdrafts (telephone account authorised). In each case, the top three rates are displayed with the lender's telephone number.

If you'd like a more personalised comparison, MoneyNet (**www.moneynet.co.uk**) and MoneyeXtra (**www.moneyextra.co.uk**) provide interactive searches, which will generate a list of best lenders to meet your criteria. Each site uses a search tool to match the details you have entered on the form with the best rates available – from over 35 lenders in MoneyNet's case and over 40 in MoneyeXtra's. Both sites enable you to click on the results to contact the lenders or go to their details if they do not have a Web site.

> Internet sites enable you to **compare the cost** of various loans and even **apply directly** for borrowing

If you want to do your own checking, Find (**www.find.co.uk**) – the Financial Services Information Directory – has a list of lenders and brokers. Many of these offer a wide range of secured and unsecured loans, as well as loans for the self-employed.

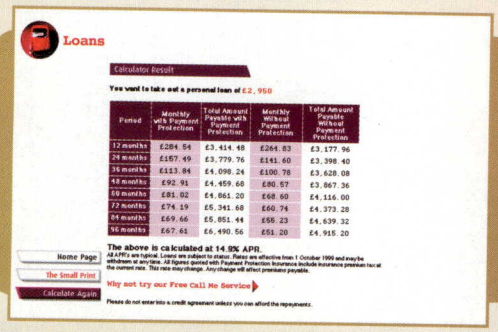
Many lenders are reputable household names; others less well known. It pays to do your homework, though, especially when you are borrowing. The Government and Consumers' Association have recently warned against consolidation loans, which are being widely advertised both on and off the Net as a way of simplifying your debt arrangements. It might seem attractive to replace many small debts with one loan, but some lenders insist that these loans are secured against your home.

Financial experts advise that while it may be more time-consuming to renegotiate existing arrangements with your current lenders than taking out a consolidation loan, caution should be the byword here. You cannot borrow your way out of debt.

WEBSEARCH: LOANS

To help you in your quest to find the best loan to suit your needs, we've assessed four loan providers' Web sites for ease of use and facilities

NOTE: The APRs quoted are for loans taken out without protection. If you pay for loan protection, then you can sometimes get cheaper rates



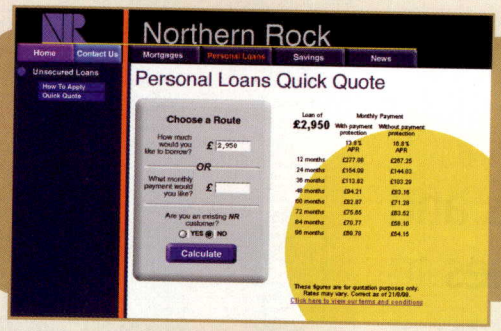
Internet Investor RATING

£ £ £

Typical APR for borrowing £1,000 – £2,950: 14.9%

Abbey National www.abbeynational.co.uk

The Abbey sets out its wares clearly enough, offering loans of up to £15,000 with payments spread over a period of between 12 and 96 months. There are Borrow and Repayment Calculators and a Budget Planner to work out how much you can afford to borrow. This is a clean and quick-loading site, but there's no online application. However, there is a free call-back service.



Internet Investor RATING

£ £ £ £

Typical APR for borrowing £1,000 – £2,950: 16.8%

Northern Rock www.nrock.co.uk / www.northernrock.co.uk

You'll find a wealth of loan information on Northern Rock's site, including the cost of various loans, means of repayment and so on – this is a very detailed site. There's a Quick Quote facility whereby you can type in the amount you wish to borrow or the amount you can afford to repay each month. You can also apply online and a decision will be made within 48 hours.

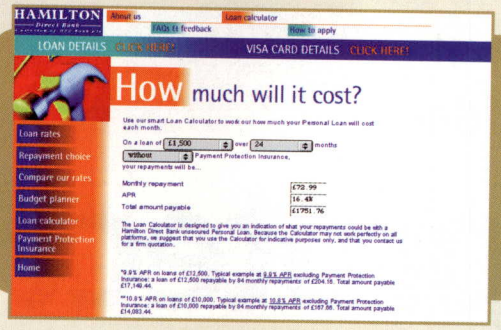
Internet Investor RATING

£ £ £

Typical APR for borrowing £1,000 – £2,950: 16.9%

M&S Financial Services www.marks-and-spencer.co.uk/financialservices

This is an attractively designed site with lots of information about M&S loans (from £500 – £10,000). There is a calculator which tells you the APR on any amount you specify but it would be useful if the site offered a simple chart to bring all this information together. The good news is that you can apply online. M&S Account Card holders get a 1% APR discount.



Internet Investor RATING

£ £ £ £

Typical APR for borrowing £1,000 – £2,950: 16.4%

Hamilton Direct Bank www.hdb.co.uk

Hamilton, part of HFC Bank, claims to be one of the UK's largest and most innovative providers of unsecured loans. It's currently offering loans between £500 and £15,000 at rates starting at 9.9% for the larger loan. You'll find budget and loan calculators, plus a quick pre-application checklist. If you are successful, you can go on to complete the online application form.

THE 60-MINUTE TEST

Task: to find the best rate to borrow between £4,000 and £5,000 to fund husband's latest extravagance

In a fit of madness, I agreed to research the cost of the loan my husband needs to buy his new passion, a red and black BMW 650 motorbike. We (he) needs to borrow £4,000-£5,000.

I started at FT Quicken (**www.ftquicken.co.uk**) to get some ideas. Under the best personal loan category, it gave me three illustrations for a loan of £5,000 over three years. Northern Rock was at the top, with an APR of 7.9%, equating to monthly repayments of £178.24 with insurance protection, or £161.41 without. It sounded fine but I was left wondering if four years would be a better term.

Next, to MoneyNet (**www.moneynet.co.uk**). In the personal loans section, I simply had to state how much I wanted to borrow (£5,000) and over how many years (four). The results page was generated within seconds, displaying the first ten of 52 results. Again, Northern Rock's rates came out top, followed by a Citibank loan at 9.9%. So far, so easy. But clicking on the Details tab for Northern Rock produced minimal information about the loan itself and just a phone number – no email or site link. It did tell me, though, that you have to take out repayment protection, otherwise the APR goes up.

My last try was at financial information site MoneyeXtra (**www.moneyextra.co.uk**). It produced a different list, again with Northern Rock at the helm. The details provided here were much fuller and, confusingly, said that compulsory insurance protection would not be necessary. And this time there was a direct link to Northern Rock (**www.northernrock.co.uk**), where you can apply online and get emailed confirmation, or you can phone its local number.

I was convinced. Northern Rock's interest rate over the loan period was at least 3% lower than the other lenders I had checked out. So now it's over to my husband...

NET GAIN

I found a very competitive loan (to fund motorbike purchase) in less than an hour

Product: £5,000 loan

Provider: Northern Rock

Time spent online: 48 minutes

● **www.northernrock.co.uk**

Superstock

With so many insurance **companies and policies** to choose from, it makes sense to use the Web to track down **the best deal**

protect your assets

The first big insurance revolution came about with telephone selling but the Internet promises to have an equal impact on the market. Not only can you seek out the cheapest deals, but you can also generate your own personalised comparison quotations easily and quickly.

Before you begin your search for insurance, look at general financial information sites such as FT Quicken (**www.ftquicken.co.uk**) and Interactive Investor International (**www.iii.co.uk**) for useful rundowns on issues to be aware of when purchasing insurance. For example, life products with an investment element are regulated under the Financial Services Act and can only be sold by authorised firms. For consumer information on insurance, take a look at The Association of British Insurers' Web site at **www.abi.org.uk**.

To save time obtaining quotes, your first port of call should be Screentrade (**www.screentrade.co.uk**), operated by Misys Interactive Trading Ltd in conjunction with Shaw Insurance Brokers Ltd. Offering motor, home and life products from a range of insurers, Screentrade generates a chart of the five best quotes based on your details.

The company claims it will typically take customers 15 minutes to get quotations for motor and household insurance and slightly less for travel. All products can be purchased and paid for online. You can also access the Screentrade insurance service through sites such as **www.bargain holidays.com**, **www.1Ski.com** and **www.houseweb.co.uk** and via financial sites **www.money.extra.co.uk** and **www.moneyworld.co.uk**.

Meanwhile, other insurers and brokers are jumping on board quickly. Direct Line (**www.directline.com**) has recently launched an online service which claims to provide a two-minute quote on home and motor products. Again, the service takes you through from quote to purchase.

Freeserve (**www.freeserve.co.uk**) is linking up with InsuranceCity.com to offer personal insurance products from a panel of well-known insurance companies, including some Lloyds syndicates. It is not open at the time of writing but will be be worth checking.

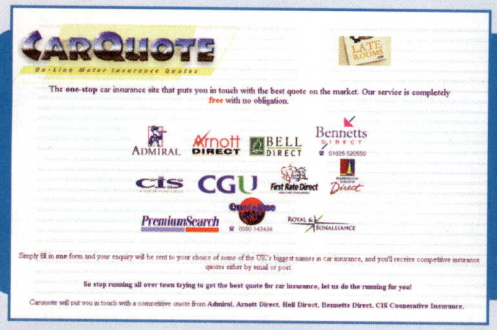
Car insurance is something we probably shop around for more than other insurance. Some insurers are now offering attractive discounts for purchasing their policies online. Eagle Star (**www.eaglestar.co.uk**) offers a 15% discount for products bought online, as long as you are prepared to pay the entire premium at once. The AA offers a 10% discount for applicants who obtain a quotation online but you cannot actually buy online at present. If it's just rates you're after, you can get comparative motor quotes through CarQuote UK (**www.carquote.co.uk**) and the Car Insurance Centre (**www.carsource.co.uk**). Both submit your application to brokers and you should receive quotations by email within 24 hours. Newcomer Ironsure.com (**www.ironsure.com**) is notable not just for cheap rates but because it allows you to buy insurance month-by-month rather than annually.

If you want to be able to get from an initial enquiry right through to final purchase, it helps if your job, car or other circumstances conform to the average. If not, you may need to speak to someone by phone. Either way, you will still find that a few moments spent scouring the Net will reveal cheaper insurance policies than the ones you currently have.

Some insurers are already offering **attractive discounts** for **buying** their policies **online**

WEBSEARCH: INSURANCE

Cars, holidays, houses and health – make sure you're covered. We put four sites under the Internet Investor spotlight


CARQUOTE
The one-stop car insurance site that puts you in touch with the best quote on the market. Our service is completely free with no obligation.
ADMIRAL
Arnott DIRECT
BELL DIRECT
Bennetts
CIS
CGU
First Rate Direct
PremiumSearch
So stop running all over town trying to get the best quote for car insurance, let us do the running for you!

Internet investor RATING £ £ £

CarQuote www.carquote.co.uk

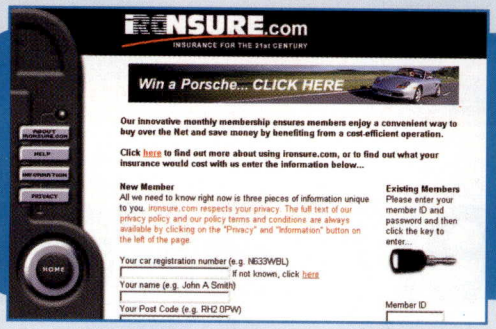
Representing 12 leading insurance brokers, CarQuote provides a one-shot way to get quotes from as many of the insurers it represents as you choose. First you'll need to fill in the standard unpleasantly long form, but this one copy is then submitted to all the brokers. Each broker will then contact you individually by phone or email with its best quote.

Welcome to the
Churchill Insurance
Website
"We would be delighted to handle your insurance needs..."
"We already have over 1 million policy holders so we're doing something right..."
Please do have a browse - simply wait or click above

Internet investor RATING £ £ £

Churchill Insurance www.churchill.co.uk

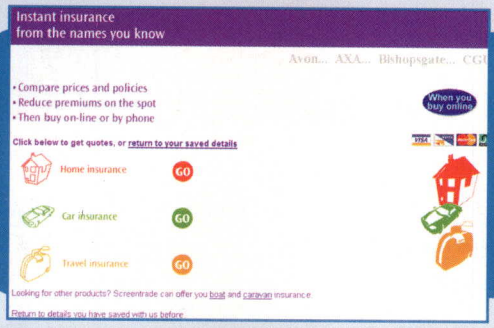
The Churchill site claims to be passionate about insurance. It offers a range of products, two categories of which (motor and home) you can obtain quotations for by filling in online application forms. Churchill claims that new customers save an average of £55 on their car insurance premiums, and the site saves personal details for a return visit.


IRONSURE.com
INSURANCE FOR THE 21st CENTURY
Win a Porsche... CLICK HERE
Our innovative monthly membership ensures members enjoy a convenient way to buy over the Net and save money by benefiting from a cost-efficient operation.
Click here to find out more about using ironsure.com, or to find out what your insurance would cost with us enter the information below...
New Member
Existing Members
Please enter your member ID and password and then click the key to enter...
Your car registration number (e.g. N633WBL)
If not known, click here
Your name (e.g. John A Smith)
Your Post Code (e.g. RH2 0PW)
Member ID

Internet investor RATING £ £ £ £ £

Ironsure www.ironsure.com

Ironsure greets you with a simple opening screen where you enter your name, postcode and car registration number. Confirm a few more details and you're shown your monthly premium, with automated credit and debit card payments. You can even take out a policy for as little as one month. This quick and efficient service has been designed for the Web rather than adapted to it.


Instant insurance
from the names you know
• Compare prices and policies
• Reduce premiums on the spot
• Then buy on-line or by phone
When you buy online
Click below to get quotes, or return to your saved details
Home insurance
GO
Car insurance
GO
Travel insurance
GO
Looking for other products? Screentrade can offer you boat and caravan insurance
Return to details you have saved with us before

Internet investor RATING £ £ £ £ £

Screentrade www.screentrade.com

Screentrade acts as an online broker offering insurance from 20 leading firms including Legal and General, CGU and Norwich Union. Simply fill in the online forms and Screentrade returns with a list of the five cheapest quotes based on the details you have supplied. You can also buy the products online. Your personal details are saved for 30 days so you can return for a further quote.

THE 60-MINUTE TEST

Task: the Editor made a £100 saving with his online car insurance. Could I beat that within an hour?

When I renewed the insurance on my five-year-old Toyota Celica recently my brokers had found a good deal from Provident with a premium of £386. Still, maybe I could get a better one using the Net. *Internet Investor*'s Editor had just knocked a massive £100 off his car insurance online using Ironsure (www.ironsure.com). I'd be delighted with that.

Screentrade (www.screentrade.co.uk) was my first port of call. The credit cards pictured on its front page encourage you to think that the journey from quote to buy will be a relatively smooth and quick experience. Unfortunately, the whole service was temporarily unavailable.

Not to be put off, I went to MoneyeXtra's site (www.moneyextra.co.uk) where I succeeded in accessing the Screentrade quotation service. Form filling began. The minutes ticked by. Most of the forms were straightforward – but not all. For example, I had to plump for market research as my area of business as 'the media' didn't exist. Then the screen was returned to me because my car has a non-standard registration plate. At last it was quotation time. A screen came up with five quotes from leading insurers, ranging from £441.37 from Cornhill Insurance to £799 from Bishopsgate – none as good as my current policy.

With 20 minutes on the clock I decided to give Direct Line (www.directline.co.uk) a go. While its software beavers away, you are given the encouraging message that only two minutes stand between you and a quotation. I felt soothed. The forms were simplicity itself, asking for only essential details.

Impressed? I almost was. But then came the message telling me that it couldn't give me a quote because my vehicle registration does not appear on its database. Apparently, a separate quote system for such vehicles is under development. Meanwhile, I'll have to stick with the Provident.

NET GAIN

No improvement on my normal premium but the Editor is more than happy with his £100 saving

Product: Cornhill motor insurance £441.37

Provider: Screentrade

Time spent online: 57 minutes

● **www.screentrade.co.uk**

Superstock

Got some **spare cash** sitting idle in your **current account**? Then use the Net to find out how to put that money to **better use**

play the percentages

Shopping around the Net for the best rates on savings accounts is quick and worthwhile

Sticking your spare cash in the nearest building society or a deposit account with your bank is easy, but spend a few moments on the Net and you can find out how to make your money work harder for you.

To start with, the key ISP sites have worked hard to provide a large amount of easily-digestible financial information with links to other sites. MSN (**http://msn.co.uk**), for example, has a Finance channel, with a useful Savings & Investments section covering aspects of saving from ISAs to PEPS. Meanwhile, LineOne 's Money Zone (**www.lineone.net**) offers an introductory guide to savings, plus a listing of banks offering online banking services. Furthermore, LineOne's Q&A section, Dr Savings, offers jargon-free answers to savings-related issues.

Shopping around the Net for the best rates on savings accounts is quick and worthwhile. Personal finance sites such as **www.ftquicken.co.uk**, **www.moneyextra.co.uk** and **www.moneynet.co.uk** provide charts where you can compare the different interest rates offered by bank savings accounts from no-notice to 90-day notice. The information on the MoneyeXtra and MoneyWorld (**www.moneyworld.co.uk**) sites is customised to your own requirements from a simple form.

Online facilities

Banks and building societies have a variety of savings accounts and many now offer Internet facilities. However, some of the latest-comers such as Virgin (**www.virgin-direct.co.uk**) and Smile (**www.smile.co.uk**) are giving them a good run for their money with extremely competitive savings rates and excellent online account-handling facilities. Smile, for example, offers a no-notice savings account which you can open online.

Virgin Direct offers 5.25% and Smile offers 4.5% gross AER on its savings accounts. Prudential's Egg (**www.egg.co.uk**) offers 6.30% gross pa/AER for its Internet-only deposit account. Egg also offers a savings account with a cash card at 5.50%.

Newly-launched First-e (**www.first-e.com**) is also worth a look, offering an introductory offer of 6.51% until 30 April 2000, and Tesco will also be entering this area soon.

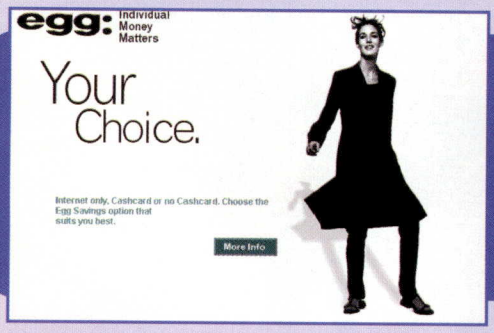
You do need to be aware, though, that Internet does not necessarily mean instant, as you can still have the same delays as with the high street branches in getting cheques credited to your accounts.

And so to Individual Savings Accounts (ISAs). These savings schemes were launched this year to allow tax-free savings. Choosing an ISA is complex. Try Motley Fool (**www.fool.co.uk**) for a cynical look at the pros and cons of ISAs, or MoneyWorld (**www.moneynet.com**) for a less humorous but comprehensive look at all the types of ISAs available.

Interactive Investor International (**www.iii.co.uk**), FTQuicken and MoneyWorld provide similar information, such as charts comparing the types of ISA offered, the components offered, and whether they are CAT-standard offerings. (CAT stands for Charges, Access and Terms. What it means is the plan concerned has met, or exceeded, minimum Government guidelines). Note that you can't necessarily sign up online for the best deals but at least you'll know where to find them.

WEBSEARCH: SAVINGS

Forget queuing among the pot plants at your local building society, the latest savings accounts are accessed through slick, attractive Web sites. Check these out...


egg: Individual Money Matters
Your Choice.
Internet only. Cashcard or no Cashcard. Choose the Egg Savings option that suits you best.
More Info

Internet investor RATING £ £ £ £

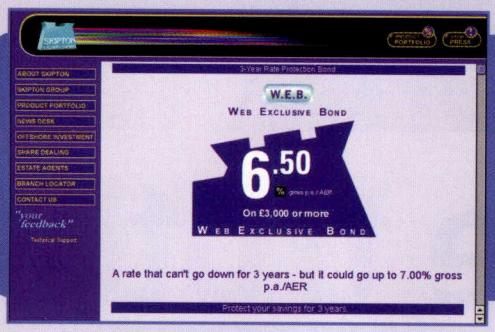
Egg www.egg.co.uk

The home page tells you the key things you want to know about Egg's products, including its Internet-only savings account that you manage online, which pays 6.3% AER. Other accounts are available with cashcards but it is the Internet-only account that pays best. The Egg site is clean, easy to navigate and customer-orientated, and you can apply for accounts online.

Internet investor RATING £ £ £ £

First-e www.first-e.com

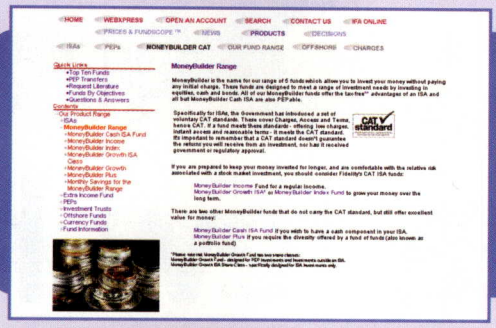
Enjoy an AER of 6.51% on your savings account with this new Internet bank. Interest is calculated daily and paid gross monthly. It only takes minutes to complete the online application and you receive confirmation of your new account within minutes. However, it does take a little longer to download the software necessary to manage your account.



Internet investor RATING £ £ £

Skipton www.skipton.co.uk

The Skipton offers a range of savings plans including a two-year step-up bond, bonus portfolios, a range of ISAs and a Web-exclusive Bond. The minimum investment for the Web bond is £3,000 and the minimum AER is 6.5% and this rate is protected for three years. You can print out an application form and post it with a cheque and verification details.



Internet investor RATING £ £ £ £

Fidelity Investments www.fidelity.co.uk

This investment products and service organisation offers a range of investments including ISAs, Offshore Funds and Currency Funds. WebXpress enables you to manage any of your Fidelity investments online – you can even switch your funds at the click of a button. You will find the usual email request form for further product information, plus market and performance data.

THE 60-MINUTE TEST

Task: to plough through the mass of ISA products available to find the Maxi ISA that best suits my financial needs

If you're a taxpayer, it's worth investigating a tax-efficient Individual Savings Account or ISA. There are two types Mini and Maxi – This is Money (www.thisismoney.co.uk) has an explanation of the differences that's as straightforward as possible.

I decided I want to invest in a Maxi, so I can save some cash for a tax-free return as well as invest in shares. This is Money recommends Fidelity (www.fidelity.co.uk) as having a good fund track record, so I started there.

Fidelity has a selection of 27 funds to choose from to put in your ISA account, although many of these carry an initial sales charge of 3.5%. The exceptions are Fidelity's Money Builder range of products. I am attracted to its Money Builder Index fund, which has had an average annual growth of 19.0% since its 1996 launch. However, if I'm going for an index tracker product (one that follows the stock market), I don't personally want one that follows the whole of the FTSE (ie All Share Index consisting of around 900 companies).

I spent a few minutes at Legal & General (www.legalandgeneral.co.uk) which provides a wide range of index tracker funds, including an ethical fund, but I can find no comparative information on its funds' performances. So I decide to visit Jupiter (www.jupiteronline.co.uk) which offers a useful Fund Summaries chart. This tells me exactly what I want to know – the percentage growth on each of Jupiter's funds over the last five years plus the position it is ranked among other funds of that type. The UK Growth Fund looks particularly impressive, with a 24% growth last year and a whopping 166% growth over the last five years. A click on the fund name brings up detailed information such as fund charges, a pie chart of the different sectors and a graph of its performance – very impressive. This looks like the one for me.

NET GAIN

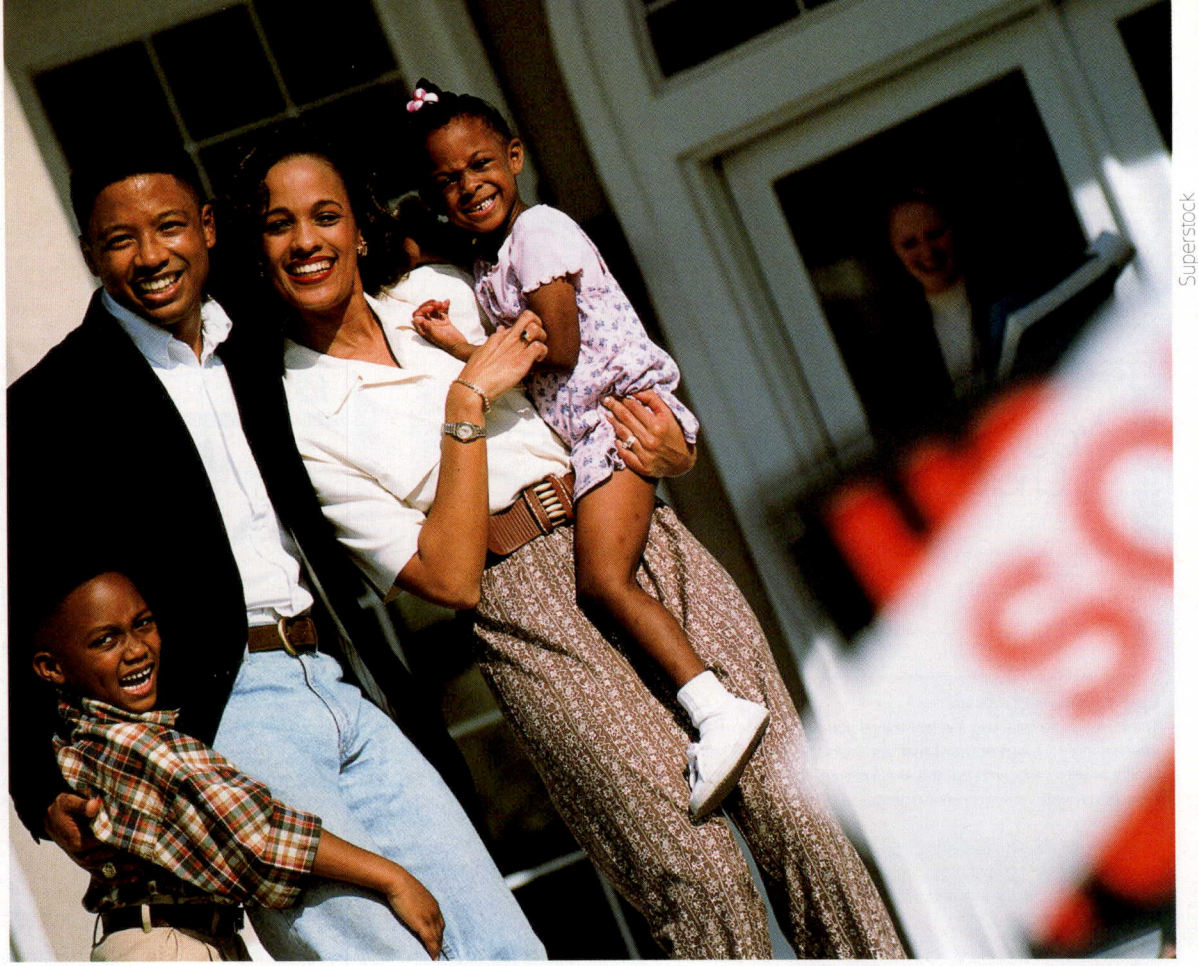
The Internet has made ISAs much easier to understand

Product: Maxi-ISA (stocks & shares plus cash)

Provider: Jupiter

Time spent online: 65 minutes

● **www.jupiteronline.co.uk**



Superstock

The **mortgage deals** available are constantly changing – yet **it's easy to research** the best one for you by using the Net

a few home truths

With the recent rise in interest rates, it's all the more important to get the best mortgage deal or even see if it's worth your while to remortgage your property.

One useful starting point in your quest for knowledge is the Council of Mortgage Lenders (**www.cml.org.uk**). Here you can obtain summaries or full versions of documents outlining all aspects of mortgages, including the Mortgage Code.

The excellent This is Money site (**www.thisismoney.co.uk**) offers a clear guide to mortgages, touching on a wide range of topics, as do other personal finance sites such as MoneyWorld (**www.moneyworld.co.uk**) and FT Quicken (**www.ftquicken.co.uk**).

Before moving on to search for a specific mortgage, make use of sites like those above to heighten your understanding of what you are looking for. FT Quicken has a useful MIRAS calculator, while MoneyWorld has a rates history guide, based on the variable rates charged by the Halifax. You can use it to see when the base and mortgage rates have shifted over the last decade.

If you know what type of mortgage you want, then you can use the powerful search tools on sites such as MoneyNet (**www.money.net.co.uk**) and MoneyeXtra (**www.moneyextra.co.uk**) to generate charts of comparative data.

MoneyeXtra's service, for example, enables you to specify the amount of loan you require and the type of mortgage you want (remortgage, first-time buyer, etc). You can also narrow your search by excluding or including deals that offer cashback, capped, discount or fixed-rate mortgages. The search results are generated in a table, ten per page, enabling you to compare the key features of the mortgages. You can click on to a page to get a fuller summary of each product. MoneyWorld (**www.moneyworld.co.uk**) also enables you to calculate the total cost of each mortgage option over the full borrowing term.

The Net enables us to make **informed decisions** about our most important **financial commitment**

MoneyeXtra also features an 'IFA locator' (by postcode) should you prefer to speak face to face to an Independent Financial Adviser. You can also contact IFAs online; several now incorporate their own online calculators.

For a full list of brokers and IFAs, try This is Money's alphabetical list of financial service providers (with links to those with Web sites) or the online financial services directory, Find (**www.find.it.co.uk**).

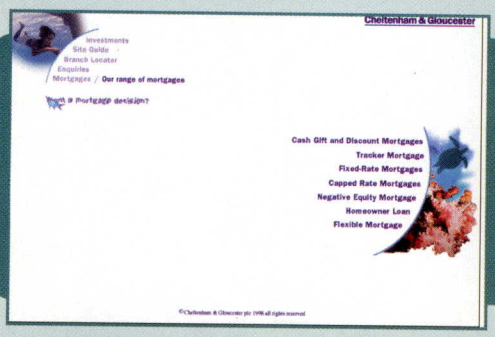
Find has lists of both mortgage lenders and IFAs, with short summaries of the services/products offered. Unsurprisingly, the lenders usually have glossier sites than the IFAs; several lenders offer first-class information relating to mortgages and a range of interactive tools. Most will allow for online application but don't expect an instant decision.

A recent entrant into the field, Promise (**www.ipromise.co.uk**), has taken a different approach with a bare-bones site that offers minimal information. It aims to help you make a decision within 15 minutes.

When it comes to buying financial products, until now, we have mostly had to rely on information from 'experts'. Now there is no need to do that. The Internet enables us to make our own informed decisions about the most important financial commitment most of us will ever have. And that can only be to our benefit.

WEBSEARCH: MORTGAGES

The Net has hundreds of pages of information to help buyers choose the right home loan... but which lenders' sites are most useful?



Internet Investor RATING ★★★★

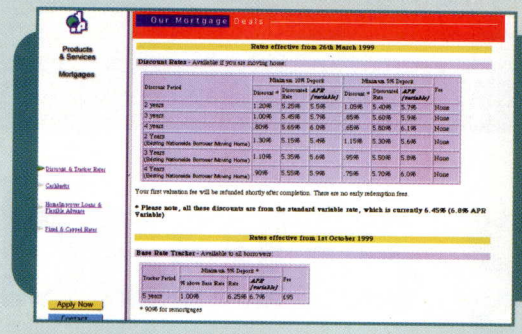
Cheltenham & Gloucester www.cheltglos.co.uk

The C&G offers a comprehensive range of mortgages including gift and discount, tracker, fixed-rate, capped, and a 'negative equity', which enables you to borrow up to 125% of a property. You can get an immediate decision in principle and the site gives a checklist of things to find out before you complete the form. This is followed up with a personal call. Worth a look.

Internet Investor RATING ★★★

Alliance & Leicester www.alliance-leicester.co.uk

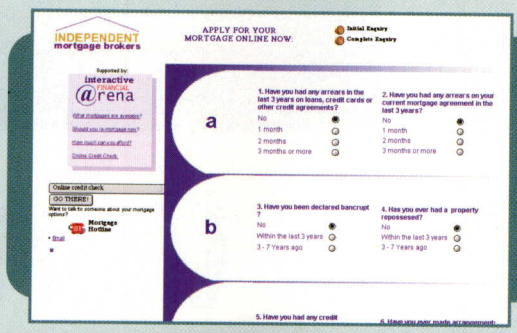
This site includes a snapshot of the housing market, as well as a mortgage repayment calculator and budget planner. There's an interactive guide to mortgages, which is particularly useful for first-time buyers. Once you select a mortgage, you can fill in an online application form. If you're an existing customer, there's a mortgage newsgroup and customer support info.



Internet Investor RATING ★★★★

Nationwide www.nationwide.co.uk

Entering the amount you want to borrow, the term, and the type of borrower you are (eg first-time) generates examples of Nationwide products available and typical repayment costs. There are handy checklists about drawing up and exchanging contracts and you can find out costs such as stamp duty, land registry and solicitor's fees by typing in the price of your house.



Internet Investor RATING ★★★

Independent Mortgage Brokers www.mortgage-brokers.co.uk

Representing a Kent-based mortgage broker, this bare-bones site offers the option of applying online for a 'quick quote', or for a 'full enquiry' (which includes credit check). With plenty of information including a Q&A section, this site comes close to offering you the experience of actually visiting a broker.. If you find a product you like, fill in a form and someone will call you.

THE 60-MINUTE TEST

Task: to find a Buy-to-Let mortgage for a small flat we'd like to buy as an investment

This is a fictional scenario for me but it's one that has become increasingly popular with homebuyers. A range of products are now available to tempt existing homeowners with some spare capital.

I started by looking at the invaluable MoneyWorld (www.moneyworld.co.uk) site and investigated the Buy-to-Let mortgage category. First, I entered the cost of a property I had seen advertised locally (£58,000) and the amount of loan that I would need to finance its purchase (£15,000) on the mortgage search form. I chose not to exclude any of the four types of mortgage, ie fixed, capped, discount or variable.

In seconds, 99 results were generated. Top of the list was specialist lender Chase de Vere, with a discount mortgage offered at a rate of 4.99% for one year. This product is only available through brokers. Second came another discount mortgage, with a rate of 5.75% for two years, this time from Mortgage Express. The Mortgage Express fee, at £300, was £50 dearer than that of Chase de Vere.

After clicking on details of the lender (unfortunately no Web site, address or email contacts were given), I clicked again on the More Details button. Irritatingly, this simply brought up a form to fill in to arrange a home visit from an Independent Financial Adviser.

Moving swiftly on, I then tried Independent Mortgage Brokers (www.mortgage-brokers.co.uk). Once again, a simple online form generated a chart of comparisons, although this time without lenders' names attached. The lowest rate on offer was 5.99%. The site allows you to calculate the monthly payment, which in my case came to £129. This was affordable and well below the estimated rental income for the property of £480 a month.

All I needed to do at this point was click on the Quick Quote button to generate a form for IMB – and they'd call me back in minutes.

NET GAIN

I found the cheapest Buy-to-Let mortgage in under an hour

Product: Mortgage from IMB

Provider: IMB

Time spent online: 45 minutes

● **www.mortgage-brokers.co.uk**

Superstock

Before you sign up for a **scheme for life**, why not use the Web to make a **more informed** decision?

thinking ahead

Experts encourage us to review our pension arrangements regularly, taking into account any change of circumstances. Given the current trend for changing jobs more frequently, our longer life expectancy, and the ever-decreasing value of state pensions, that is wise – if unwelcome – counsel.

For unbiased information, the DSS (**www. dss.gov.uk/pen**) has a worthy, if unexciting, Web site to help you make an informed decision about your pension. Also useful is the Financial Services Authority Web site at **www.fsa.gov.uk**.

For a less institutional approach, take a look at International Investor Interactive's Pensions Centre at **www.iii.co.uk/pensions**. This useful resource includes a case study, showing the cost of delaying the start of your pension, a Knowledge Bank which helps to explain state pensions, company pensions and personal pensions, and a list of pension fund holders which you can click on to see their recent performance. You can also post questions of your own.

Just as good is LineOne's Pension Guide, which you'll find in its Money Zone (**www.lineone.net/money**). This includes jargon-busting articles, pension calculator tools, which enable you to work out how much money you should be putting aside for your pension, and LineOne's Dr Pension who offers answers to visitors' questions.

These are all useful sites but how do you go about choosing a product that's right for you? Unfortunately, that sort of advice isn't easy to get online, because of the regulatory framework governing those who give investment advice. Most of the life assurance companies have glossy sites but little detailed information on pension products. Typically, what you get is generic information and an application form for an online quotation.

The same is true for many Independent Financial Advisers' sites. The Independent Advice Co (**www.independent-advice.co.uk**), for example, links to a number of affiliated IFAs who are authorised to give investment advice.

Taking control

If you want more control over the process, Sort Ltd (**www.sort.co.uk**) is an innovative service that sells advice rather than actual products. The Products Decision service offers to send you specific recommendations about the pensions most suited to you within 48 hours of receiving your online form. The one-off fee is £79 and the results can be posted or emailed to you.

With knowledge of what products you want, you may be able to take advantage of an online information adviser offering discounts for products sold on an 'execution-only' basis. That's where you buy a pension you've chosen yourself, without any advice.

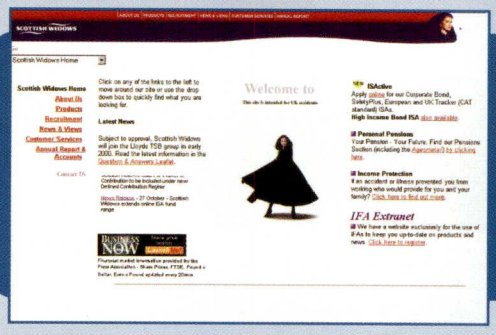
Internet IFA (**www.internetifa.com**), for example, offers a 3-6% discount on commission paid for execution-only products sold via the Net. You need to request the documentation by email or download it online, complete the forms and return them with your investment.

Researching your own pension can be time-consuming and difficult, but the savings on commissions may well make it worth it. And consumers' confidence in the area is growing: a poll currently being fielded by Interactive Investor International reveals that 57% of those taking part would like to be able to buy a pension online. That speaks volumes.

Finding the **right pension** can be time-consuming and **expensive**, but using the Net can **save** you **time and money**

WEBSEARCH: PENSIONS

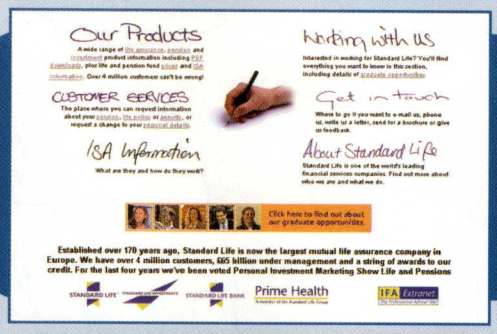
Planning your pension used to involve lengthy discussions in experts' offices – now you can whiz through their Web sites instead. Here are four we tested



Internet investor RATING £ £ £

Scottish Widows www.scottishwidows.co.uk

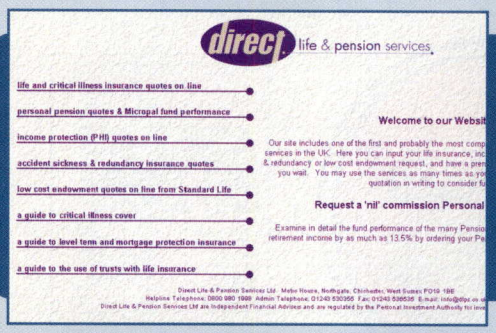
A thoughtfully constructed site with a step-by-step guide to the key issues to consider in relation to your pension. Features include an 'age-ometer', a section on women and pensions, and a cost-of-living chart showing projected prices in 20 or 30 years. To apply for a pension, either call the number shown or fill out the call-back form and wait for someone to call you.



Internet investor RATING £ £ £

Standard Life www.standardlife.co.uk

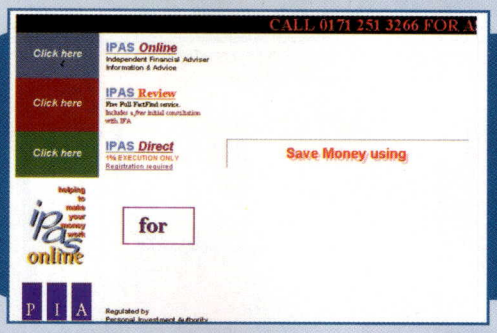
Standard Life's site offers a range of life assurance, pensions and investment product information which can be downloaded as PDF documents. Pension Plan Servicing and Annuity Servicing enable you to request information on a range of topics, such as current value of plan/summary of plan, or to request certificate of contributions, making it a good site if you are already a customer.



Internet investor RATING £ £ £ £ £

Direct Life & Pension Services www.lifequote.co.uk

This commission-free service provides some revealing charts showing the cost of commission charges on the maturity values of pension schemes. Pension fund performance can be monitored. Once you've chosen a scheme, you can fill out an online application to request a Key Features Pack. There's a one-off installation fee of £99 if you go ahead. Excellent if you're confident.



Internet investor RATING £ £ £ £ £

IPAS Direct www.ipas.co.uk

The execution-only service of IPAS has a huge database with information ranging from the general to specific Key Feature downloads on pension (and other) products from leading suppliers. You can even download *PowerPoint* presentations on the products as used by some IFAs. If you're serious about researching your pension, this site has everything you'll need.

THE 60-MINUTE TEST

Task: How much pension advice can you find within an hour? We put the online information sites to the test

Middle-aged. Self-employed. No pension. I must be Gordon Brown's nightmare. And I've got just one hour to search for a pension online.

There's plenty of advice online but most of it is fairly generic. This is largely because of the strict regulatory framework governing those who may give investment advice. Unfortunately it doesn't do much to help the pension-phobic.

I look in Find (www.find.co.uk) and search out some IFA sites to see what help they can offer. Not much, it seems, without sending a form and waiting for them to call back.

I am impressed by my visit to IPAS Direct (www.ipasdirect.co.uk) where at last I find somewhere I can download comparative information about different pension products. This is good if you've got the time to download the documentation, not to mention the software. Alas time is running out.

I follow an advertisement to Virgin Direct. (www.virgin-direct.co.uk), and choose the self-employed section under pensions. As I go through each page, I find I am beginning to be led in a logical manner towards my destination pension. The site explains about the limits the Inland Revenue has set for pension contributions with a clickable chart. My limit is 25%. The site is neither too general nor overloaded with material.

It points out, for example, that I should be aware of commission charges over 1% and whether I'll be charged for each payment made. It's clear, logical, and makes me feel more in control. What's more, they haven't even asked me to fill out a form yet.

With a lot more time, I might have chosen another product and saved by choosing an execution-only broker. As it is, the Virgin-Direct site is now at the top of my 'get back there soon' list. A pension to last a lifetime clearly needs more than an hour's online research.

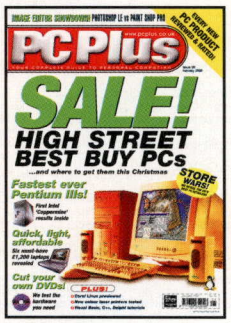
NET GAIN

I found several sources of sensible and simple advice about pensions within an hour
Product: Pension for self-employed
Provider: Virgin
Time spent online: 56 minutes
● **www.virgin-direct.co.uk**

JANUARY ISSUE ON SALE **THURSDAY 30 NOVEMBER**

DON'T BUY A NEW PC THIS XMAS UNTIL YOU READ THIS!

PC Plus



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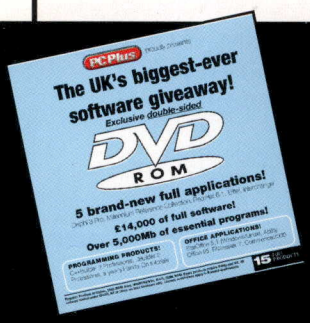

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win a psion revo

Get on the Net from anywhere with a new Psion Revo Here's your chance to win one

Want to have the latest share prices at your fingertips? Then you need a Psion Revo. These pocket-sized organisers have been designed specifically for people who want email and Internet access, so they're ideal if you want to access your online bank account or check your credit card balance while you're on the move.

Email, Internet and text messaging come as standard, as does PC compatibility (agenda, contacts, Microsoft-compatible word processor, spreadsheet). The Psion Revo has other features like calculator, world cities, plus a game for when you need a break from the serious stuff.

Brand new applications include a phone manager, which enables you to swap and manage your phone numbers between the Revo and compatible mobile phones. Also new is a "Today" view, which gives you a summary of your day, including to-dos, meetings, alarms, and general information such as battery usage.

Internet connectivity is via Psion.net, a free service designed specifically for Psion Revo users. To connect to the service, you can use compatible mobile phones or a Psion Travel modem.

Not only do we have two of these nifty machines to give away, but Palmtop Software is also throwing in *Portfolio Manager*. With this software installed, you can manage your investments and get share prices and other information from the Web via the Internet agent (supplied with Portfolio Manager) on your PC to keep you on top of your portfolio.

The rules

- *All entries must be sent by email to investor@futurenet.co.uk with the subject header: Revo competition*
- *The first two names to be selected at random will be deemed the winners.*
- *The editor's decision is final and no correspondence shall be entered into.*
- *Multiple entries will be discarded.*
- *Employees of Future Publishing and Psion are not eligible to enter.*
- *Competition closes on 31 January 2000.*
- *There are no cash alternatives.*

PALMTOP

how to enter

Want to win one of these smart new gadgets? Then simply answer the following question:

In investing circles, what does EPS stand for?

a. Earnings Per Share
b. Extra Profitable Share
c. Electronically Paid Stockbroker

PSION

Email your answer to **investor@futurenet.co.uk**. Please ensure you include your name and address, and make sure that your subject header reads: **Revo Competition**

INVESTOR bookshelf

Before you start **investing online**, why not do some **further reading**? Here are **the books** we recommend

STAR BUY 50% DISCOUNT

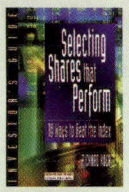
Investing Online

by Stephen Eckett
ISBN 0273625586
£39.99
Our price: £20.00 + £3.00 postage

A first-class explanation of what the Internet means for private investors. Eckett tells you how you can use the Net to access free information, where to find price quotes and company analysis, how to trade online, and how to use the Net to improve your performance. This book, which is free of jargon and understandable even by technophobes, serves as a guide and introduction, as well as a reference directory, to the Internet.
Order # 3227

The FT Guide To Selecting Shares that Perform

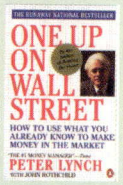
by Richard Koch
ISBN 0273626876
£20.99
Our price: £15.74 + £2.00 postage



Richard Koch describes the ten investment approaches that proved their worth over time. Each technique is different, some emphasising the upside, some protecting the downside, some looking for income, others looking for capital growth. Koch shows how to pick the method that suits your financial circumstances, age, income requirements and appetite for risk. One of the best-selling investment books in the last few years.
Order # 3415

One Up On Wall Street

by Peter Lynch
ISBN 0140127925
£10.99
Our price: £8.79 + £1.50 postage

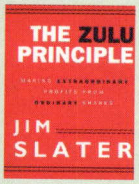


One Up On Wall Street is one of the great investing books of all time – certainly among the most inspirational for the private investor. Lynch's point is that you don't need to be a rocket scientist to make money on the stock market. What you do need is an understanding of the different types of stock and, of course, a healthy dose of common sense. With the help of superb anecdotes, Lynch provides a step-by-step system that is easy to understand and implement.

Order # 0060

The Zulu Principle

Jim Slater
ISBN 075281012X
£12.99
Our price: £9.74 + £2.00 postage

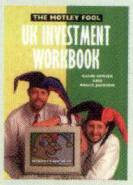


Jim Slater's *Zulu Principle* broke new ground, being the first book to credit UK investors with the intelligence to apply a rigorous method of stock selection. Slater examines several different methods – from cyclicals and shells to asset plays – before settling on his preferred area: growth stocks. He explains how to use the PEG ratio and other measures such as relative strength and price-to-cash flow in order to identify attractive buy opportunities.

Order # 3680

The Motley Fool UK Investment Workbook

David Berger and Bruce Jackson
ISBN 0752217879
£9.99
Our price: £7.99 + £2.00 postage



The just-published *Motley Fool UK Investment Workbook* cuts through financial jargon to show you how to decide on your investment objectives, choose companies to invest in, value the price of a share, and interpret a company report. A lot of books attempt this, but none achieves it with the Fools' humour or their unerring grasp of what information investors need. This is the most useful investment book of 1999.

Order # 11288

The Motley Fool UK Investment Guide

David Berger, David Gardner, Tom Gardner
ISBN 0752224395
£12.99
Our price: £9.74 + £2.00 postage

The most popular investment book of 1999. The Fools are opinionated, shrewd, and dedicated to making money. They have a growing army of followers. This book is so full of tips, ideas and facts that it is difficult to see how anyone with an interest in money could fail to benefit. It's entertaining to read, but behind the foolish wit there is a hard current of streetwise wisdom.

Order # 10053

Getting Started in Shares

by Peter Temple
ISBN 047196669X
£15.99
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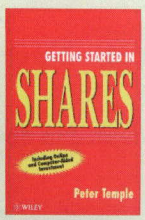

Peter Temple's *Getting Started in Shares* is a useful book which guides you through the basics of analysing shares, choosing a stockbroker and building a portfolio of investments. The author shows you how to use computers to keep track of your portfolio, and how to download investment software and prices from the Web. There's plenty of good value information here from a former City analyst who certainly knows his stuff.

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Trading Online: A Step-by-Step Guide to Cyber Profits

Alpesh Patel
ISBN 0273635417
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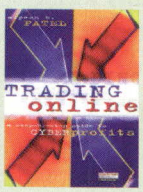

The best guide available on how to use the Internet to improve investing performance and reduce costs. Partly a reference guide to the most important Web sites, with example screenshots, and explanations of what they offer. Also a working manual which shows how to use the Net for specific purposes: price data, analysis, portfolio management, education, trading, exchanges, trusts, forums, and so on.

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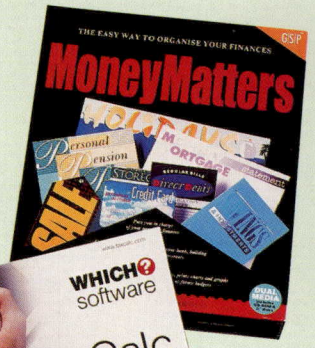

If you want a simple but effective software package that handles your bank accounts, credit and debit cards, and other transactions on a PC, *Money Matters* is a good choice. It enables you to create as many accounts as you like, enter your data into them, and maintain a well-organised series of files. You can use it to create budgets, check statements, track VAT, and produce charts, all in a simple-to-use and reliable interface. An inexpensive and accomplished tool that delivers real value. (System requirements: PC, 386 or above processor, 4Mb RAM, CD-ROM drive, Win3.1, 95 or 98)

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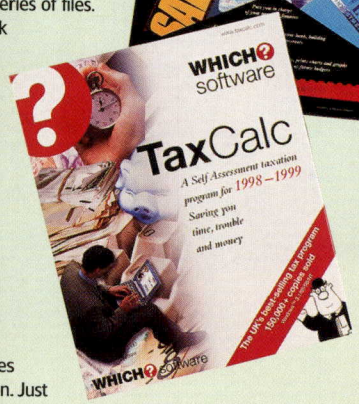
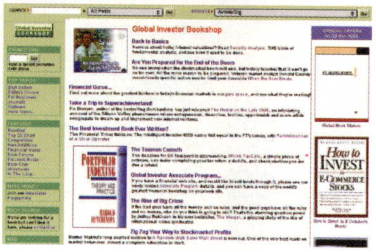


The market-leading software that makes light work of completing your tax return. Just load the program on to your hard disk from the CD, then key in your financial details using the prompts. *Tax Calc* will work out your liability and whether you are entitled to a refund, and print out your tax return on the approved IR form. The program also comes with 40 tax-saving tips, copies of IR help sheets, and a 'what if?' feature which enables you see how changes in your finances would change your tax liability. The deadline for your tax return is 31 January. This package certainly saves you time and may well save you money, too.

Order # 11162



How to Invest in E-Commerce Stocks

Bill Burnham
ISBN 007092389
£25.99
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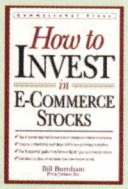

This book examines the five main sectors of the Internet economy, the dangers and opportunities that the Net poses for old and new companies, and the financial profiles of the key players. Burnham defines four 'commandments' that investors should always keep in mind, and suggests a methodology for investing in Net stocks. This is the latest and best research from a top-flight USA analyst.

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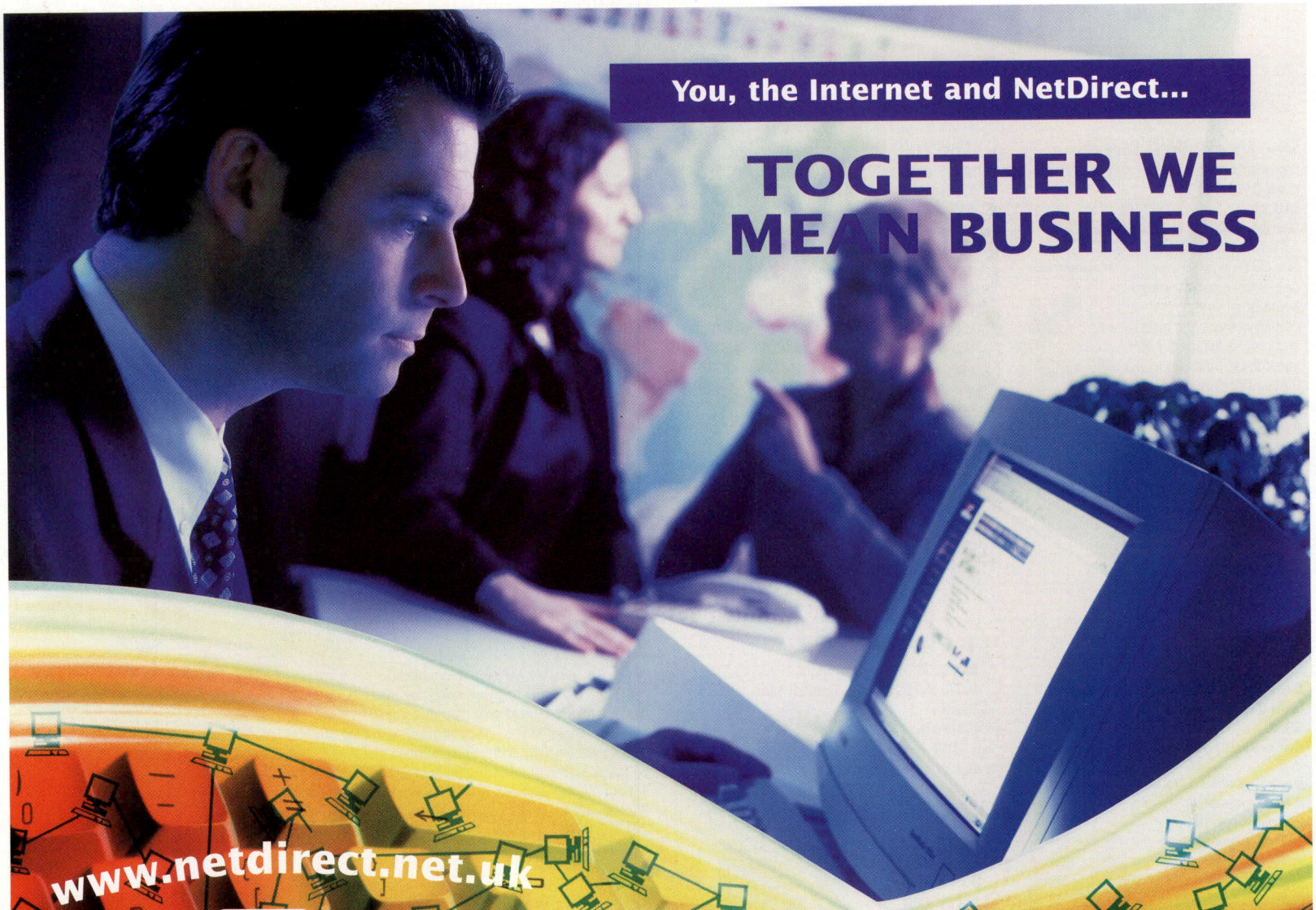

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" The recruitment industry has been especially affected by the technology explosion of the last decade and Morgan Chase has benefited hugely from this. NetDirect gave us a tailored business solution, that has expanded as rapidly as we have. Reliability of service has been an essential part of NetDirect's solution." **Matthew Winfield, Director.** The Morgan Chase Group.

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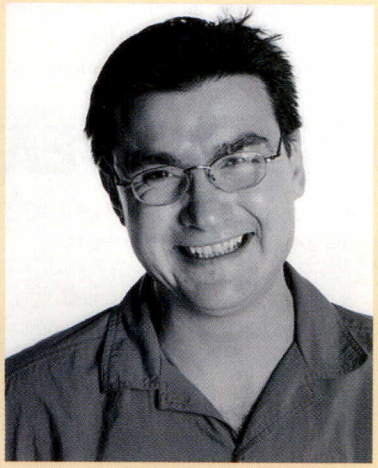
Ups and downs of an e-trader

They say the long-term investor **reaps the rewards**, but that doesn't stop some people opting for a **much riskier** route to riches...



Chris Mitchell
Editor of the Maximum PC Network
www.maximumpc.co.uk

Listen to any financial adviser and they'll sagely tell you that trying to make a quick buck from the stock market using the Net is doomed to failure. Daytrading, they say, is for those intoxicated by the meteoric rise of Internet stocks and with more money than sense.

Indeed, Britain's Financial Services Authority, the oversight body of the London Stock Exchange, recently warned UK investors that in the USA 70 per cent of day traders lose money.

The great thing about such intelligent advice is that you can completely ignore it. That's exactly what two friends and I did six months ago when we formed an investment club and decided to play the stock markets ourselves.

Wiped out

Our plan was simple. We would keep an eye on the technology finance news from sources such as Wired (**www.wired.com**) and Interactive Investor (**www.iii.co.uk**) and buy and sell accordingly. Being able to trade electronically within a couple of minutes of making a decision meant that if stock started plunging, we could just get out rather than be wiped out.

We opened an account with American online trader E*TRADE (**www.etrade.com**) as we wanted to play with the big players on the Nasdaq stock market in the US, rather than the UK markets. It takes a week or so to set up an account with E*TRADE as you need to request and return forms by post. UK traders such as DLJDirect (**www.dljdirect.co.uk**) have since started offering US trading accounts to UK investors, and these are worth checking out.

The three of us put £300 each into the account. Combining capital in this way is one of the biggest advantages of being in a syndicate. For a start, E*TRADE requires a minimum $1000 (£600) deposit when you open an account but, more importantly, every trade, whether it's buying or selling, incurs an $8 (£5) fee. If any of us were trading on our own with a £300 kitty, these transaction costs would continually eat into profit.

We managed to buy... just as the stock fell through the floor

Having three brains to digest tech stock information rather than one is also invaluable. It stops any one individual getting trading fear and making a rash decision. Down the pub one night we agreed that all stock buying decisions had to be unanimous and that we'd not take the money out of the account for a year to keep re-investing our gains.

Our first forays into trading were inauspicious. The 3D graphics manufacturer NVIDIA (NVDA) was winning plaudits for its new TNT2 card, so we bought a large chunk of its stock, which then refused to do anything. After a week we got bored with its inertia, so we sold up.

This made us wake up to the fact that stocks don't always react to good news. If the market in general is having a bad day, then all stocks are likely to go down. The cause and effect path is tricky to trace. The stock market really is a gamble, albeit an exciting one.

We jumped on to Internet auction giant Ebay's (EBAY) rollercoaster, managing to buy just as the stock fell through the floor. After hanging on for a week because we couldn't do anything else, the stock slowly crept back up. We even made a small profit.

Breaking even

Learning from this, we didn't panic when the stock we bought in 3D graphic market leader 3DFX (TDFX) also went south after the company's president resigned. We waited for it to hit an all-time low, then bought an additional chunk at this rockbottom price. As expected, the company and its stock recovered, letting us break even on the expensive stock and make a substantial gain on the cheap shares.

Putting it bluntly, we've spent the last six months blundering around and made about $1000 (£600) profit between us. I'd like to say it was astute financial analysis that did it, but I'd be lying. Our hunches from scanning the news have paid off and the stocks which have bombed have recovered, so we've had a fair amount of luck.

The bottom line is that daytrading is fun and something of an education, if you can afford to write off the money you invest. If that's the case, then you haven't got much to lose.

safety net

Is it **safe** to trade on the Net? We explain the latest **online security** systems and how well they **protect** your money

Text: Dan Oliver

Online fraud is big news. With many people fearing for the security of information they pass over the Web, the national press has been quick to use the smallest story to propagate a myth that online transactions are unsafe.

The truth is, however, incidents of online deception do occur but they are much rarer than in offline commerce. After all, whenever you hand over your credit card in a restaurant or order something over the phone you are leaving yourself open to fraud.

Understandably, though, security is of paramount interest to us all, and with a new medium such as the Web it's worth getting right first time.

The birth of SSL

Most information passed over the Internet will be routed via a number of computers before it reaches its destination. Neither you nor those to whom you send your details have any control over who sees your data as it passes through these machines.

Because of this, one of the first developments made by Internet programmers was to create a form of encryption called Secure Socket Layer or SSL. Developed by Netscape in the late eighties, SSL enables you to encode your information before you send it over the Internet. If someone intercepts it, the data is impossible to change without the alteration being known to the intended recipient.

Both *Netscape Navigator* and *Internet Explorer* browsers support SSL. With *Navigator* you can see a padlock icon in the bottom left-hand corner of your browser that closes when a secure connection is made. A small padlock shows 40-bit encryption and a large one 128-bit. *IE5* also has a lock appear in the bottom right-hand corner but does not distinguish between 40- and 128-bit encryption.

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january 16-20, 2000

Worried about security? Check out RSA Security Development at ***www.rsasecurity.com*** *– it's a treasure trove of information about online encryption*

You should never pass any financial details over a site if this closed padlock doesn't feature in your browser. This is the view of major credit card companies like Visa and MasterCard and many high street banks. Your details may still be secure without this lock, but it isn't worth the risk.

Why trust SSL?

SSL provides confidentiality, which is guaranteed through the encryption. The information can still be intercepted but it will be unreadable. The message's integrity is also ensured

SIX WAYS YOU CAN BEAT

1. Use a Visa or MasterCard

Shopping online with these credit cards provides you with the added protection offered by these companies if your details do fall into the wrong hands. You can also get competitive exchange rates if you're buying from an online store based in another country.

2. Use a secure Web browser

By using *Netscape 2.0* (or above) or any version of *Internet Explorer*, you get the added level of security provided by SSL encryption (see above). Only with these browsers will you be able to see if the site you are dealing with is secure.

3. Never use unsecure email

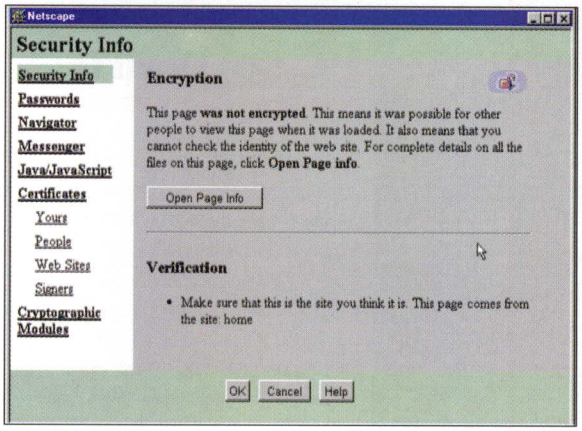
You're simply tempting fate if you pass financial details via normal emails – they're not protected by encryption.

4. Keep your passwords secret

This sounds another obvious thing to say but a large number of people write passwords down and carry them with them. The biggest risk is to write them on Post-it Notes and stick them on your

through encryption. If someone attempts to alter an encrypted message, it will not decrypt correctly. This will alert the recipient that someone has been trying to tamper with it.

A message's overall authentication is provided through digital authenticity certificates, which are very difficult to falsify. You purchase or receive a certificate from a trusted third-party (this party is called a Certification Authority or CA). These certificates ensure that you really are who you say you are and they act as a digital ID card for both parties.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OK
Cancel
Help

Click on the security button in your Netscape browser for extra security tips

Are you safe?

So does all this make the SSL system uncrackable? Well, technically speaking, no it doesn't.

Cracking a 128-bit SSL-encrypted message would take a Pentium-based machine millions of years. However, with the use of more machines, this time can be cut considerably, but the cost of cracking a message would go up accordingly. Ask yourself whether it's worth a hacker's time and money to access the information you're sending in one single message. If the answer is no, you should feel suitably secure.

Another problem for hackers and fraudsters is that cracking a 128-bit encrypted message isn't a holy grail – they can't then go on to crack all messages quickly; they must start from the beginning each time.

When people refer to 128-bit encryption, 'bit' means the size of certain numbers used in creating the SSL security key. To give you an idea of the strength of a 128-bit key, you should note that the US government has only recently allowed products containing this encryption strength to be exported outside the US, and these are stringently monitored.

So although you may be purchasing goods from a company that utilises 128-bit encryption on its servers (ie one based in the US), your browser will only support 40-bit encryption which is easier (but still very hard) to crack.

What's next?

It has become clear over the past three years that US paranoia over encryption falling into the wrong hands has greatly hampered e-commerce.

Increasingly, financial institutions are now being allowed to utilise 128-bit encryption at both client and server side with the use of a special service setup certificate known as GSID, which enables a whole transaction to be carried out at 128-bit encryption.

These certificates are only available to a few financial institutions, and once a transaction takes place, your browser will return to 40-bit encryption. And a new form of online security is being developed by some the world's biggest financial institutions called Secure Electronic Transaction – or SET.

SET, developed by Visa and MasterCard, may well be the standard that pushes electronic commerce over the next five years. Not only does it protect the consumer, but it also protects the merchant.

Whenever you pay online by Visa or MasterCard, you have a virtual guarantee that you will not lose any money. Before SET came along, if you sold goods and received fraudulent information, you had few safeguards and were open to chargebacks (when a merchant is billed by a credit card company for fraudulent purchases).

SET protection

SET uses digital certificates to verify that consumers and merchants are authorised to use and to accept Visa or MasterCard, a method which is even safer than SSL encryption.

This is the equivalent of you walking down the high street and seeing the Visa window sticker, and the merchant checking your signature on the back of your card once you have bought something.

In short, Web security is stronger than in virtually any other area of commerce. If you are happy paying for a meal, ordering goods over the phone or paying by credit card in a shop, then you should feel comfortable passing your details over the Web.

Don't be complacent, though – the world is full of people trying to get their hands on someone else's money. Our six security tips, left, should help to prevent you from getting ripped off.

ONLINE FRAUD

PC. Some online merchants will require you to register a username and password before buying an item. Try to think of a password you can remember which you don't have to write down. Try to steer clear of obvious ones like family names, birthdays or pet names.

5. Shop with known merchants

You wouldn't hand over £400 to a man in the street who said he would deliver a TV later that day, so why do the same on the Web? The biggest risk in online commerce is not from hackers but fraudulent sites getting their hands on your details. If you are worried about an online trader, contact your local consumer association.

6. Record your transactions

Just as you'd save a receipt in case you needed to return or change something, you should always keep a copy of any confirmation emails of your transactions and of the URLs where you made the payment. There are software packages that provide secure wallet facilities to log Internet purchases automatically.

SECURITY DEFINITIONS

Bit – acronym for Binary digIT, a single digit number in base-2 (zero or one). The smallest unit of computerised data.

Certificate – a document issued that attests that the owner of the key to a Web page has authenticated their identity.

Certificate of authority – an issuer of security certificates used in Secure Socket Layer (SSL) connections.

Digital signature – a way for a certifying agency to sign a type of security certificate.

E-commerce – abbreviation for electronic commerce: the buying, selling and trading of goods and services across computer networks.

Firewall – a division between a computer system on the Internet and the Internet as a whole. Firewalls are used to limit access of a system's users to the outside world, and vice versa, for security and economic reasons.

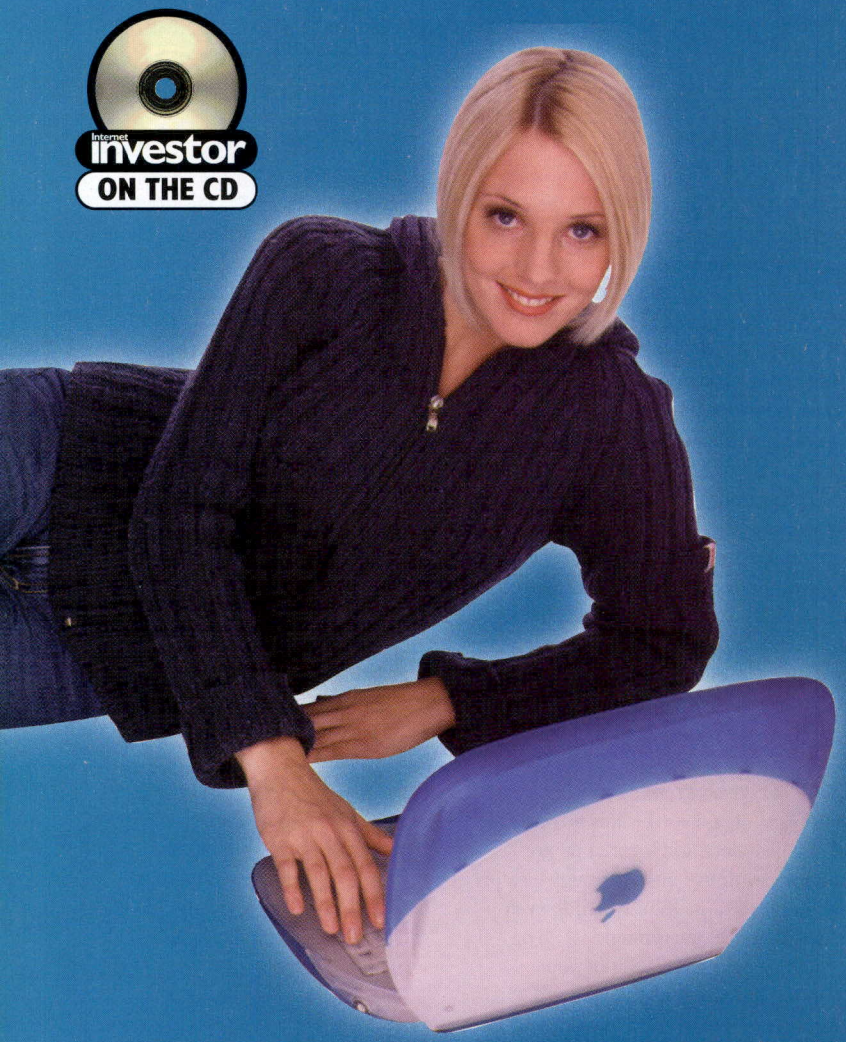
Hacker – a computer expert who can discover the "guarded" secrets of a computer system. There are few hackers that have caused harm and damage to computer systems, but when they do, it tends to result in excessive 'scare' publicity.

Private key – a Web user's personal key for use in public/private key transactions; it is never distributed on the Internet.

Public key – a widely distributed key used in public/private key transactions. The benefit of a public key is that it is widely available but does not lessen security because a public key works only with a private key.

SSL – abbreviation for Secure Socket Layer, a protocol designed to enable encrypted, authenticated communications across the Internet.

Need **a little help** with your finances? Then check out the software on your **cover CD**. Here's what you'll find...



software for the smarter investor

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Account Balancer

Account Balancer is simple program to help you keep track of your bank balance. Simply enter the amount of money currently in your account and hit 'Deposit.' From that point on enter your expenses in the 'Amount' column along with a reason for your own records.

Every time you add money to your account just enter it with the Deposit button and your balance will automatically be calculated. Once you fill an entire form, hit 'Print' and a statement-style summary of that session will be printed. Then hit the 'Next Form' button and your current balance will be carried over to a clear form.

www.wam.umd.edu/~jbagg

Bank Book

Bank Book gives you an easy way to gather and organise information about all your accounts. The program includes fields for transaction name, category, amount, comment, and date. It allows an unlimited number of entries and automatically sorts them. The software features a notebook-like interface and allows you to define filters to display only selected records, print reports from the program and display summaries.

www.primasoft.com

Bones Calculator

Bones Financial Calculator is very easy to use, and sports six financial calculators: Interest, Bank Interest, Savings, Mortgage, Loan, Interest only and Depreciation. It also features full print functions to print your tables and relevant program information. The auto-program update feature makes sure that you always have the newest program version.

members.xoom.com/TheFreeShop/index.html

Freeware Currency Converter

If you're investing in foreign markets or paying for goods in foreign currencies, install this currency converter which ensures you can quickly work out what you're paying in over 220 different currencies.

www.belgraver.demon.nl/currconv/index.html

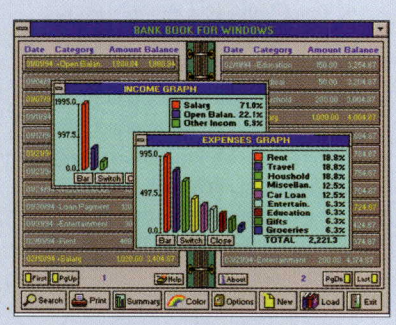
eFolio

The *eFolio* software is an investment portfolio manager which helps you to keep an eye on the prices of shares in your collection. Enter the stock ticker symbols you are following and you can update the prices from the Internet.

www.mousehook.com/efolio.htm

NetScoopFinance

NetScoopFinance is a Web browser that has been designed specifically for the financial investor. Its multi-paned window enables you to keep a check on news reports, stock



Bones Calculator: a useful program with a rather odd name

prices and more, as the program pulls information from a variety of other sites. To install *NetScoopFinance*, copy it from the CD to your hard drive and run the setup program from there.

www.neurostock.com/NetScoopFinance

MyBroker

If you're ready to trade on the stock market, *MyBroker* is one solution. As soon as your account is open with a minimum cleared balance of £2,500, you can begin to trade all listed stocks on the London Stock Exchange (including AIM stocks and warrants). Additionally, orders may be placed online for overseas equities and options, although the trades will be executed manually. Before you install the *MyBroker* software, please check the Web site for full instructions.

www.mybroker.co.uk

ShareScope

ShareScope is a powerful program that helps you look after your shares, track your portfolio and analyse market trends. This demo version should give you a good idea of how the software works, while the full version is available for £59.95, with a monthly charge of £9.95.

www.sharescope.co.uk

StockVue

StockVue is a free program that lets you keep an eye on stock prices with a custom Internet monitor and stock ticker that delivers timely information. You can build multiple portfolios and then use **Quote.com** to obtain the latest data and calculate profit and loss.

www.stockvue2000.com

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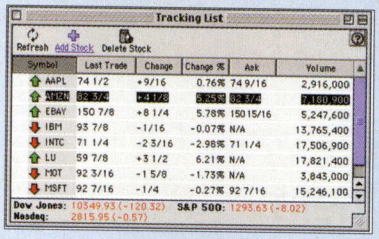
Debt Wizard v2.4.4 Professional

Debt Wizard's goal is to provide a financial tool that removes the stress involved with resolving large debts. To use *Debt Wizard*, gather your monthly bills, run *Debt Wizard*, create a portfolio, enter your account information, and generate a schedule.

www.squeem.com

Euro Assistant Pro 2.1

Euro Assistant Pro is a multilingual currency converter. This useful program updates



Trade Assist: various tools to help you manage your share portfolio

exchange rates over the Internet, logs, prints, and saves and exports your conversions for you.

www.k-inet.com/MaBaSoft/euro.html

Finance 2.8

Finance is a banking, savings, and credit card account management program which is quick and easy to set up. It offers automatic calculations, account overview, account searching and more. It is fully compatible with Mac OS 9.

www.yenco.com/finance

MacChart Demo

MacChart is a useful tool to help you analyse market trends. It offers the technical studies, and traditional bar, line and Japanese Candle Charts in daily, weekly and monthly formats.

www.trendsoft.com/index.htm

MacMidas PPC 1.2

MacMidas is an investment portfolio management tool, which can import quotes and news from Yahoo!'s quote service. If you use *Quicken* to track your finances or keep track of stock prices in a spreadsheet, *MacMidas* can import this data.

www.macmidas.com

MacTicker 1.6

MacTicker is a simple application that lets you view the free stock market information provided online by financial Web sites around the world. You can watch any number of your stocks roll by on the ticker, or call up a detailed report for each of your favourites. Information is updated once a minute, and you can configure it to alert you to stocks that are performing well.

www.galleon.com/macticker

Stock Calculator

Stock Calculator is a stock trade profit/loss and share price calculator application. It is also useful for performing 'what if' analyses, such as determining what price a share needs to reach in order to return a specified profit

pweb.netcom.com/~sspi/stockcalc_mac.html

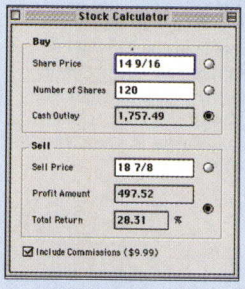
Stockwatcher

StockWatcher is a utility that enables you to keep tabs on your stock portfolio via the Internet. Whether you hold one or two stocks for years at a time, or trade dozens each day, *StockWatcher* can make it easier to keep up to date on your investments.

www.pennywise-software.com

Trade Assist 1.5.1

Trade Assist offers many tools to help you manage your portfolio. A graphic stock ticker scrolls automatically updating quotes from the Web, while a tracking window displays customisable information for all your tracked stocks in a chart. Detailed views of the stocks, including



Stock Calculator: useful for performing 'what-if' analyses

company news and graphs, are available at a click of the mouse. You can also set alerts to notify you if a stock is performing a certain way.

www.essentrix.com/tradeassist

WhereDidAllMyMoneyGo? 1.6

A useful program to help you track your possessions, income and expenses. Accounts can be shown in any currency.

users.pandora.be/bert.torfs/WhereIst.html

NETSCAPE ONLINE

The FREE Internet service from THE Internet company

Introducing the free Internet service from the company that made the Internet what it is today. Netscape Online, in association with Future Publishing Ltd, brings you all your Internet needs – browse the Web easily with *Netscape Navigator*, organise your emails with *Netscape Messenger*, and create great Web pages with *Netscape Composer* – and all for nothing.

With one easy click, Netscape Online gives you:

Money
Comprehensive financial information provided by FT.com, FT Personal Finance and moneyeXtra.com including market prices, latest world and European news, mortgage calculators, pension calculators and much more.

Sport
Rugby, football, golf, tennis and much more. Netscape Online has live score boards, discussion forums, live chat, latest news and features, match reports, league tables and all the best links.

Netscape Online

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Search the Web with all the major search engines to find whatever you need. Or find friends online with Netscape's people and email finders.

News & Weather
Up-to-the-minute UK and international news. In-depth daily features with links, Web resources and online debate.

Games
All the latest reviews, cheats, downloads, and walkthroughs for all computer formats from Mac to Dreamcast. Online games, trivia quizzes, and loads of chat rooms – whatever it is, Netscape Online has it covered.

Make Netscape Online part of your daily routine. Load up your *Internet Investor* CD now.

Please note that the Netscape Online software is for Windows users only.

databank

Internet investor ON THE CD

Whether you're **researching** shares, mortgage rates or online banks, **the Web can help**. You'll also find **Web links** to the sites detailed here **on our cover CD**

Resources and information

Armchair Millionaire
www.armchairmillionaire.com
Armchair Millionaire says it wants to help its visitors build a million-dollar portfolio, which could be a little difficult to implement. Still, the message boards are well populated and there's a large archive of weekly features.

Bloomberg
www.bloomberg.co.uk
Bloomberg's Web site is a useful news resource, which also features share prices and background information to help you make better investments. There are regular columns looking at the markets in Europe, the US, Asia and Latin America.

Daytrader.co.uk
www.daytrader.co.uk
Describing itself as the resource for frequent investors, Daytrader offers news, investment tips, a watch on upcoming US and UK IPOs, as well as a list of stocks to watch. You must register to access the information here, but it's quick, painless and free.

FinanceWise
www.financewise.com
FinanceWise claims that it's the first search engine to focus specifically on financial Net content and that all links are checked by its editorial staff before being allowed into the search database. It also offers stories from newswires including Reuters, Business Wire, PR Newswire, and IPO Monitor.

Internet investor **Recommended site**

Interactive Investor International
www.iii.co.uk
Interactive Investor International is bursting with advice and information on virtually every area of personal finance. It's backed with a slick design which makes it easy to navigate and quick to load. To gain access to some areas of the site, you need to register (free). Then you can take advantage of the portfolio tracking tools and join in with the email discussions taking place within the thriving community of site regulars.

Financial Links
www.financiallinks.co.uk
Uninspiring site design, but nonetheless a useful collection of links to financial resources, information and organisations on the Web.

FIND
www.find.co.uk
Not pretty, but FIND wins brownie points for being UK-specific and offering a huge selection of links of interest to the UK investor.

FreeQuotes
www.freequotes.co.uk
To gain access to the free quotes service, you need to register with the free ISP themutual.net. This costs nothing and gives you instant access to real-time share prices.

FTQuicken
www.quicken.co.uk
The FTQuicken site should be high in your list of bookmarks. The stories are taken from the *Financial Times*, but the interactive 'How To' guides are exclusive to this site.

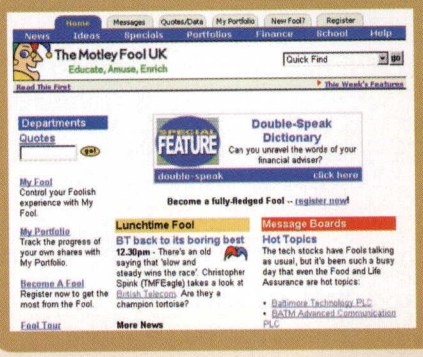
FTSE
www.ftse.com
FTSE is co-owned by the London Stock Exchange and the *Financial Times*, and is the place to come if you want to check on any of the FTSE indices.

Gay Financial Network
www.gfn.com
The Gay Financial Network was originally set up for the American gay and lesbian community, but the financial news sections should be of interest both here and overseas.

LineOne Money
www.lineone.net/money
LineOne's Money section is neatly broken into categories, which makes it easy to find the area you're after. There's advice on all the usual aspects of personal finance, although some areas are exclusive to LineOne members.

HemscottNet
www.hemscott.net
HemscottNet is a well-respected source information covering investing and personal finances. It also provides free Internet access, brokers' forecasts and more to anyone who signs up for the service.

Internet investor **Recommended site**



Motley Fool
www.fool.co.uk
Setting itself the mission "to educate, amuse and enrich", the Motley Fool Web site works on the premise that *you* are the best person to manage your money. The site offers news, a personal finance resource area, workshops, tips and stock ideas. The lynchpin of the site is its message boards, where participants can exchange ideas. Registration is free and gives you access to online share portfolios and the ability to view your favourite message boards and portfolios on one page.

Market-Eye
www.marketeye.co.uk
For real-time and delayed share price information, Market-Eye is hard to beat. The delayed information is free upon registration and should provide more than enough data for all but the most devoted daytrader.

MoneyNet
www.moneynet.co.uk
For a comprehensive overview of products in the personal finance sector, check out MoneyNet. There are details of mortgages, bank accounts, credit cards and personal loans, and interest rates are updated daily.

MoneyWise
www.moneywise.co.uk
MoneyWise promises "financial advice made simple" and on this count it's hard to fault. There's advice on mortgages, pensions, savings and insurance, plus links to related sites.

MoneyWorld
www.moneyworld.co.uk
A good starting point for the financially minded, MoneyWorld has a comparison centre to help you compare mortgages, credit cards and loans, and tools to help you calculate tax, mortgage, health care, and insurance costs.

MoneyeXtra
www.moneyextra.co.uk
MoneyeXtra is produced in association with software behemoth Microsoft, and is also the sister site of MoneyWorld. The site offers information on mortgages, credit cards, insurance and tax, and links to much of the MoneyWorld content.

MSN MoneyCentral
moneycentral.msn.com
MoneyCentral provides an insightful window on the world of US finance. If you're trading on US markets or looking for a US broker, this site could help.

Sharepages
www.sharepages.com
Sharepages goes a long way in helping private investors keep up with the City suits, and also includes a Java-driven stock ticker which you can keep on your desktop while you work.

Stockpoint
www.stockpoint.com
Stockpoint.com is a free financial site that helps investors analyse and manage their holdings. The site also offers a range of global financial information, investing tools, and editorial content from experts such as Eric Tyson, author of *Investing for Dummies* and *Personal Finance for Dummies*.

UK-iNvest.com
www.uk-invest.com
UK-iNvest.com comes courtesy of Freeserve and packs an arsenal of facts, figures, opinions, analysis and advice that make it well worth a daily visit. There are market roundups, lists of stocks on the move, and much more.

UKShares.com
www.ukshares.com
UKShares.com is a non-commercial site that was formed by a group of UK shareholders back in 1998. The site aims to help home investors network and share their knowledge via the online bulletin boards.

Mortgages

Abbey National
www.abbeynational.co.uk
Offering loans, savings, banking, mortgages and insurance, this site contains all the information you need to make a decision but no facilities for online applications.

Alliance & Leicester
www.alliance-leicester.co.uk
The A&L site offers a mortgage repayment calculator and budget planner, as well as a two-stage online application process.

Cheltenham & Gloucester
www.cheltglos.co.uk
C&G offers a range of mortgage products and its site boasts an online application form that promises an immediate "decision in principle", which will be followed up with a personal call.

First Active
www.firstactive.com
First Active's Web site contains details of its products, including the Flexible Mortgage and the Current Account Mortgage, but there's no online application form; instead there's a call-back button to click.

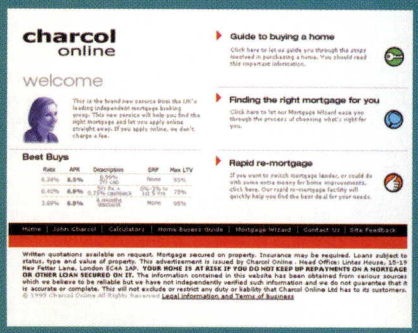
HouseWeb
www.houseweb.co.uk
Not a mortgage broker or seller but an invaluable portal for anyone thinking about buying or selling a property.

Independent Mortgage Brokers
www.mortgage-brokers.co.uk
This independent mortgage broker offers an online credit check, after which you'll be phoned by an operator to discuss your requirements in more depth.

Legal & General
www.landg.com
Legal & General's colourful site enables existing customers to manage their mortgage accounts via the Internet, but for applications you'll need to click the call-back button.

Mortgages Online
www.mortgages-online.co.uk
This site is home to independent mortgage adviser IFA-Online. It has a good introduction to mortgages, plus a list of best buys, which is updated twice daily. There's also an online form you can fill out if you want a quote.

Internet investor
Recommended site



Charcol Online
www.charcolonline.co.uk
New site from independent mortgage and financial advisers John Charcol that combines online mortgage search, product selection and online application. A two-stage search facility narrows the products down to a shortlist, depending on the borrower's requirements and eligibility. Charcol says it launched with a spectrum of 300 products from over 25 top lenders and intends to build on that. Online products also include John Charcol's own exclusive best-buy mortgage deals.

Finance news

CNN Financial Network
www.cnnfn.com
CNN's financial news site is packed with finance-related stories and background information. The site's cleanly laid out and quick to load, although like CNN's main channel, it does suffer from a slightly heavy US bias.

The Economist
www.economist.co.uk
Although current issues of *The Economist* aren't added to its Web site until a week after the paper version has been published, the site has a searchable archive containing the full text of articles published since January 1995. A useful resource.

Electronic Telegraph
www.telegraph.co.uk
The Electronic Telegraph has a good finance section (City & Finance), as well as an online archive of Telegraph Money, which is dedicated to personal and family finance.

Euromoney
www.euromoney.com
For information on global markets, investment and issues of concern to global businesses, turn to Euromoney. You have to register before you can browse the Web site, but it's free to do so.

FT.com
www.ft.com
The online version of the *Financial Times* should be your first stop if you're after news of a financial nature. Once you've registered, you can also get news delivered by email.

Investors Chronicle
www.investorschronicle.co.uk
Investors Chronicle offers news, features, companies' annual reports, tables to help you compare brokers' offerings, and an online bookstore. There's also a Q&A section and a beginner's guide.

NewsNow Business and Finance News
www.newsnow.co.uk/-NewsFeed.BusFin.htm
NewsNow's excellent site pulls news from various Web resources and updates every five minutes. As well as business news, you can select other categories including IT and current affairs.

Times Money
www.times-money.co.uk
This UK-based personal finance site comes courtesy of *The Times* newspaper and its *Weekend Money* supplement. News is updated daily and covers subjects including mortgages, savings, pensions and tax.

Teletext Finance
www.teletext.co.uk
Already known for its finance coverage on TV, Teletext is kicking off a personal finance section on its Web site. Content, which should be live by the time you read this, promises to cater for newcomers to the financial world to experienced share traders.

Yahoo! Finance
finance.uk.yahoo.com
There's plenty of financial news available from this famous search directory, pulling stories from the Press Association and Reuters, as well as a collection of message boards where you can read and exchange investment tips.

Internet investor
Recommended site

This Is Money
www.thisismoney.com
Coming from the *Daily Mail*, *Mail on Sunday* and *Evening Standard*, This Is Money is chock-full of up-to-date news of use to anyone with more than a passing interest in personal finance. There are also tools to help you manage your portfolio, loan calculators and currency converters, as well as comprehensive sections covering mortgages, savings, pensions and insurance. The Toolbox section contains tables to help you find the best credit card deals and cheapest personal loans, while the Ask The Experts area enables you to send in queries by email for financial experts to respond to.

Stock exchanges

LIFFE
www.liffe.com
The official site of The London International Financial Futures and Options Exchange has a useful section for private investors, with trading guidelines and much more. Bland to look at but still worth a visit.

London Stock Exchange
www.londonstockex.co.uk
This is a useful site if you're after information about the London Stock Exchange's history and want to find out how it works. There's also plenty of detailed information on the new techMARK indices.

Nasdaq
www.nasdaq.co.uk
See also: **nasdaq.com**
The Nasdaq Stock Market was the world's first electronic stock market and is still home to many of the best-known technology stocks including Microsoft and Intel. Find out more about this innovative market here.

New York Stock Exchange
www.nyse.com
If you're trading on the NYSE, you need to visit this site. As well as information on the companies listed, there are guides on how the Exchange works.

Easdaq
www.easdaq.com
Easdaq is the European stock market for high-growth companies. Trading on Easdaq takes place through its European members, currently in the UK, France, Germany, the Netherlands, Switzerland, Austria, Belgium, Portugal, Italy, Denmark, Finland, Greece, and Luxembourg.

Turn the page for more sites covering share trading, online banking, insurance, savings, credit cards and loans

databank

UK share trading

Internet investor
Recommended site

E*TRADE
UNITED KINGDOM
Invest online with
E*TRADE UK
Are you ready to take control?
find out now
Open an Account online
Real-time Internet trading in UK equities from £14.95 per trade with FREE RE*SEARCH
Subscribe to RE*SEARCH
Leading share price information service with free quotes and portfolio tools from £5 +VAT per month
Register for Free Membership
Not ready to trade or subscribe? Sign up to our free quote service
BYE BYE
Market View
Breaking News
10:26:44 German shares lower in moderate midmorning trade on Wall Street
10:25:12 Jarvis Porter H1 pretax 1.59 mln stg vs 4.01 mln
10:24:45 *CRRCT: JARVIS PORTER H1 OPG 1.8 MLN STG VS 4.4 MLN

E*TRADE
www.etrade.co.uk
The first built-for-the-Web broker has arrived from the States with a dedicated UK share dealing site. E*TRADE has simplified stockbroker charges with flat-rate commission charges from £14.95, no percentage charges and frequent trader benefits for customers. There are also plenty of research and planning tools available to E*TRADE customers, making it a useful place to keep up with the latest prices, industry news and investment advice. Minimum deposit is £1,000.

Barclays Stockbrokers
www.barclays-stockbrokers.co.uk
Barclays offers online dealing in real time, with a price confirmation before you deal, instant deal confirmation, and a reduced commission of 1% on UK equities deals between £11.99 and £39.99.

J Brearley
www.jbrearley.co.uk
James Brearley & Sons Ltd offers online trading with a commission of £20 per deal and an annual registration fee of £25 + VAT.

Charles Schwab
www.schwab-worldwide.com
Charles Schwab offers 30 days of commission-free trading for new users and a host of different pricing plans, depending on the type of trade you make.

DLJ Direct
www.dljdirect.co.uk
DLJ Direct is offering free trading until the end of 1999, so if you hurry you could take advantage of this. Once that runs out, you're looking at a 1.0% commission (minimum £15) on the first £2,500, 0.5% on the next £2,500 and 0.1% thereafter.

FasTrade
www.fastrade.co.uk
FasTrade is the execution-only stockbroking service of Torrie & Co in Edinburgh (**www.torrie.co.uk**). There's no joining fee and commission rates are set at 1%, subject to a minimum of £15 and a maximum of £100.

Halifax ShareXpress
www.sharexpress.co.uk
The Halifax ShareXpress service charges a flat fee of £5 per trade until 11 January 2000. After that, commission charges will be £12.50 on deals up to £2,500 and £22.50 on deals of between £2,501 and £60,000. There are no registration or administration fees.

Killick & Co
www.killik.co.uk/main.html
Killick and Co offers online share dealing for a commission charge of 1.25%, with a minimum deal charge of £30 per transaction.

MyBroker
www.mybroker.co.uk
MyBroker gives you software enabling UK equity trades in a claimed time of 6-8 seconds. You need a minimum cleared balance of £2,500 to start trading. Online trading costs £25 per trade.

Stocktrade
www.stocktrade.co.uk
Execution-only service charging a fixed commission of £25 per transaction up to £12,500. For trades of over £12,500, commission is charged at a rate of 0.2%.

Xest
www.xest.com
Xest offers execution-only online trading for a charge of £20 per trade. There's also an annual service charge of £45.

Trading abroad

Charles Schwab
www.schwab.com
Not the cheapest online broker, but Charles Schwab is well-respected and experienced. As well as a share trading service, Schwab offers a host of extra services which you can sign up (and pay) for. There's a flat commission for trade orders placed online of $29.95 per stock up to 1,000 shares.

Datek
www.datek.com
Datek offers a low commission fee of $9.99 per trade for up to 5,000 shares, and promises that if your order is not executed within 60 seconds, you'll receive the trade commission free. If you don't sign up for the service, you can still take advantage of Datek's 'streamer', which gives you free real-time stock quotes.

E-Cortal
www.e-cortal.com
If you want to trade on a number of stock exchanges including New York, Nasdaq, Frankfurt, Amsterdam, Milan and Paris, then you could try E-Cortal. Transaction fees start at 15 Euros (around £10) regardless of where you're dealing.

E*TRADE
www.etrade.com
E*TRADE is a professional, well-respected company. Its Web site is easy to navigate with loads of information to help you make wiser investments. E*TRADE offers trades from as little as $4.95 for frequent traders. The first 29 trades per quarter are priced at $14.95 for listed stocks and $19.95 for Nasdaq stocks. Definitely worth checking out.

SureTrade
www.suretrade.com
SureTrade's certainly an attractive proposition offering trades at a flat rate of $7.95. It's a tidy site that's low on graphics and fast to load. SureTrade also offers 24-hour support by email every day of the week.

Internet investor
Recommended site

Commission Free Share Trading
Yes
1. Do you want to deal commission free?
2. Do you want to pay Stamp Duty?
3. Do you want instant on-line execution?
4. Do you want a 24 hour market?
5. Do you want live share prices?
6. Do you want free trading software?
Regulated by the SFA
deal4free.co

Deal4Free
www.deal4free.com
Deal4Free is a brand new service from CMC offering trades with no commission charges, no stamp duty and no sales taxes. CMC uses a system known as Contract For Difference (CFD) which is explained on the site. This new service is only available to experienced traders, and you must deposit a balance of £5,000 before you can start trading. Customers can trade shares in the FTSE 350 and the top 30 companies on the Dow Jones index. The service is due to expand to include stocks in companies across Europe, Asia, and many more in the US.

Insurance

A Quote Insurance
www.aquote.co.uk
A Quote offers insurance for travel, buildings, contents and cars, but you can't actually take out insurance online. Either fill out the online form to receive your quote by email, fax or post, or call the freephone number listed.

Admiral
www.admiral.uk.com
For car insurance, Admiral's site is fast and functional. Either fill in the online form or type your phone number into the callback box and someone will call you back.

Carquote
www.carquote.co.uk
Fill out the form on the Carquote site and your query will be sent to a number of insurers of your choice. You'll then receive quotes by email or post and it's up to you to follow them up.

Churchill
www.churchill.co.uk
Churchill's bright and breezy site contains details of insurance for travel, home, pets and cars, although you can only get online quotes for home and car insurance.

Direct Line
www.directline.com
As well as insurance, Direct Line deals in mortgages, loans and savings. You can get quotes and purchase policies for car, breakdown and home insurance online.

Eagle Star
www.eaglestardirect.co.uk
With Eagle Star, you can get quotes for home, motor, travel and boat insurance. If you're happy with the quote you see, you can go ahead and pay for it online, too.

Life Quote
www.lifequote.co.uk
Get quotes for life insurance and illness cover at this site from Direct Life & Pension Services. This may not be a great-looking site, but at least it's functional.

Online banking

Barclays
www.barclays.co.uk
Barclays offers Internet banking and free Net access to its customers. Accounts are fully integrated with the branch and telephone banking services. There's plenty of information about the service on the Web site.

Citibank
www.citibank.co.uk
Citibank offers a host of online banking solutions including current and savings accounts, bill paying facilities, statements and account transfers, along with high interest rates on savings.

Co-operative Bank
www.co-operativebank.co.uk
If you want to make sure that the money your bank holds is only invested in ethical schemes, try the Co-op Bank. To use the Co-op online banking service, you need to have set up an ordinary account first.

First Direct
www.firstdirect.co.uk
What was the UK's first telephone banking service also offers PC banking. First Direct is part of the HSBC banking group, so you can pay in cash at any HSBC branch.

First-e
www.first-e.com
First-e's current account is due to be launched in the first quarter of 2000, but you can still sign up for details. At the time of writing, the savings account was paying 6.51%.

Halifax
www.halifax.co.uk
Halifax is offering online banking to existing customers or you can sign up at the site to register for a new account. At the time of writing, online banking only supports Halifax current accounts.

Lloyds TSB
www.lloydstsb.co.uk
Lloyds TSB has a professional site offering plenty of information about its Net banking service. It's not 24-hour banking, though: the service is closed from midnight to 4am.

Nationwide
www.nationwide.co.uk
To take advantage of Nationwide's Net banking, you need to set up your account at a high street branch, but once you've done so, you'll have access to a comprehensive service.

NatWest
www.natwest.com
The NatWest online banking site went live just as we went to press. NatWest has also just launched an online share dealing service.

Royal Bank of Scotland
www.rbs.co.uk
Once you're a Royal Bank of Scotland customer, you can manage your money online and open further accounts.

Internet investor
Recommended site

Smile
www.smile.co.uk
Coming from the Co-operative Bank, Smile was recently launched specifically as an Internet-based facility and comes complete with lower-cost loans and overdrafts, along with higher interest rates on savings. The current account, for example, pays 4.07% gross as long as you're in credit, while personal loans start at 8.5% APR. You can pay cash in via the post office or any clearing bank, and cash can be withdrawn over post office counters or via Link machines.

Savings, loans, credit cards

See also: Online banks

Bank of Scotland
www.bankofscotland.co.uk
The Bank of Scotland offers four types of credit card, although you can't apply online.

Barclaycard
www.barclaycard.co.uk
Barclaycard lets you apply for a card online and check your card balances via the Web once you've registered. Excellent online services and quick and easy to use.

Fidelity
www.fidelity.co.uk
Fidelity claims to be the world's largest independent fund management organisation, so it makes sense to check its site if you're considering investing in ISAs or other funds.

Football Card
www.footballcard.co.uk
If you're bored with credit cards that look the same as everyone else's, why not get one with your local football club's emblem on it? Every time you use the card, your club receives a payment. Introductory APR is 6.9% on balance transfers.

Goldfish
www.goldfish.com
The Goldfish site is clean and simple to use, and the introductory APR is 12.9% for six months on balances transferred from other cards. Normal rate is 18.9% APR with up to 52 days' interest-free credit.

Marbles
www.getmarbles.co.uk
Marbles credit cards offer an APR of 5.9% on transactions and balance transfers fixed for six months of you opening an account, after which the rate reverts to the standard variable interest rate of 14.9% APR.

Internet investor
Recommended site

Egg
www.egg.co.uk
Egg is highly attractive both in the look of its Web site and the rates it offers on credit cards, savings, loans and mortgages. Egg's credit card, the Smart Card, offers an APR of 4.5% for the first six months on balance transfers, followed by a standard rate thereafter of 9.9% APR. You'll also get 1% cashback on your purchases and 2% back when you shop in Egg's online shopping zone. The Internet-only savings account pays 6.3% gross pa on balances from £1. As befits a proper Internet organisation, you can apply for all Egg's services online.

Skipton
www.skipton.co.uk
Skipton offers a range of savings plans including a two-year step-up bond, bonus portfolios, ISAs, and a Web-exclusive bond. The minimum investment is £3,000, the AER is 6.5% and the rate is protected for 3 years.

Virgin Direct
www.virgin-direct.co.uk
At the Virgin-Direct site you can find out about its savings and pension plans. You can apply online and a form will then be sent to you to sign and return. The savings deposit account currently pays 5.52%.

Woolwich
www.woolwich.co.uk
The Woolwich site tells you all you need to know about applying for credit cards, mortgages and its online banking services, but you can't actually apply online. Instead, click the relevant link to be called back.

Norwich Union
www.norwich-union.co.uk
Norwich Union offers life, house, mortgage and motor insurance, and you can obtain quotes online for all but the life insurance. Buy your car insurance through the Web site and you'll get a 10% discount.

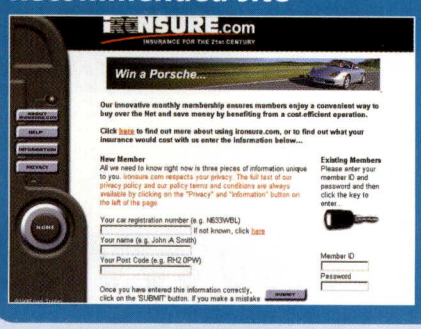
Preferential
www.preferential.co.uk
Preferential specialises in travel insurance and you can obtain quotes and purchase policies at this straightforward site.

Screentrade
www.screentrade.com
Screentrade enables you to get quotes for home, travel and cars from a number of large insurers. Once you've found a quote you're happy with, you can buy the policy online.

Royal Sun Alliance
www.royalsunalliance.co.uk
There are details of insurance policies covering you, your car, your pet and your home, but once you've filled out the online form, you're told that someone will be in touch shortly. Disappointing.

Western Provident Association
www.wpahealth.co.uk
For health insurance with WPA, enter a few details about yourself and you'll be presented with the option that suits the amount you've said you can afford. You can't buy online, though.

Internet investor
Recommended site


IRONSURE.com
INSURANCE FOR THE 21st CENTURY
Win a Porsche...
Our innovative monthly membership ensures members enjoy a convenient way to buy over the Net and save money by benefiting from a cost-efficient operation.
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In other words...

Don't know your EPS from your PE ratio? **Don't worry.** Here's a glossary of the **terms** you can expect to encounter and **what they mean**

AIM (Alternative Investment Market)

AIM is the London Stock Exchange's market for small, young and growing companies. It gives investors the opportunity to invest and trade in the shares of these companies on a market regulated by the Exchange.

Investors should realise they can achieve higher potential returns from investing in smaller companies, but with a higher degree of risk. Not only are AIM companies likely to be higher risk, their shares will be less liquid than shares in the main stock market, otherwise known as 'The Official List'.

The market opened for trading on 19 June 1995 with no more than a handful of companies but has grown steadily since.

Annual Percentage Rate (APR)

The APR was introduced as part of the Consumer Credit Act of 1974. When you borrow money, every lender is required by law to quote this rate. Always insist on being told the APR; it's the best way of comparing like with like. If a lender can't tell you, find another one.

The headline quoted rate on a mortgage or a credit card states the rate of interest you pay per month or per year, but it's the APR figures (usually shown in brackets) that calculate the total amount of interest that will be paid over the whole term of the loan. The APR should also take into account any charges which the borrower has to pay. So, if you see a 'too good to be true' mortgage offer, where the loan is fixed at an interest rate of, say, 3% for 1 year, bear in mind, after the fixed period has ended, the interest rate will almost certainly revert to the current variable mortgage rate for the remainder of the loan, which may be another 24 years. The net result is the APR will be much higher than 3%.

Ask price

The lowest price at which someone will sell a security at a given moment.

Bear market

A market in which prices are declining. A 'bear' is a trader who expects that the market for a security will decline.

Bid price

The price at which a market maker is prepared to buy shares.

Blue chips

The common stock of high-profile companies, usually with a consistent dividend payment record during market ups and downs. These stocks are usually safe, but high-priced and tend to have low yields.

Bond

A certificate which is evidence of a debt on which the issuer promises to pay the holder a specified amount of interest for a specified length of time, and to repay the loan on its maturity. May be issued by corporations or governments. If a company goes into liquidation, bond holders will be paid before shareholders.

Bull market

The opposite of a bear market.

Call option

The right, but not the obligation, to purchase shares at a specified price at a specified date in the future. For this privilege, the buyer pays a premium which would be a fraction of the price of the underlying security. If the share price rises above the option price you can buy the shares and sell them immediately for a profit. If not, you don't exercise the option and it expires – all you have lost is the initial payment made to purchase the option.

Capital

This is the sum of money which you have borrowed from the mortgage lender. It will also be used throughout the term of the mortgage to describe the amount that you owe, excluding outstanding costs and interest.

Capital gains tax

This is the tax payable on the increase in value of an asset. If you make a profit from shares, for example, then you may be liable for capital gains tax. The amount of profit you can make before being liable for this tax is £7,100.

Commodity

In City parlance, a commodity is any homogeneous item which may be freely bought and sold. Commodities can be shares, furniture or houses, but the term typically refers to things like coffee, cocoa and soya beans (soft commodities) or gold, aluminium, and platinum (hard commodities). They are typically bought and sold in the futures markets where producers combine with manufacturers and speculators to create a liquid market.

Discount

If the share price of an investment trust is lower than the net asset value per share, the trust is said to be trading at a discount. The discount is shown as a percentage of the net asset value.

Dividend

The income from a share investment. Most companies pay dividends twice a year. The mid-year payment is known as

In other words...

the interim, and the end-of-year payment as the final. Dividends may be quoted gross – that is, before any deduction of tax in the hands of the shareholder – or net – after deduction of basic rate tax, which is how dividends are paid.

Dividend reinvestment scheme

A plan whereby as a shareholder you can automatically reinvest dividends cheaply and easily in further shares.

Dow Jones Industrial Average

'The Dow' is the longest established of all share indices and has been the role model for some of the world's other leading indices such as the Nikkei 225 in Tokyo. The New York-based index, calculated minute by minute, is published by Dow-Jones & Co. and you can trace its origins back to 1897 – it was first calculated using just 12 stocks. Today's 30 constituents are chosen by Dow-Jones and the Wall Street Journal to represent a balanced selection of blue chips.

The index is a price-weighted one. So, like the Nikkei, a move in the share price of a company of relatively modest size may have as great an influence on the day's price movements as a comparable move in the price of a large one. In the case of the Dow, however, this factor is mitigated by the selection of very large companies, and by the tendency for US companies to manage the nominal value of their shares, so as to ensure market prices that fall into a roughly comparable range, between $30 and $100.

Earnings per share (EPS)

Perhaps the single most important measure of how well (or otherwise) the board of directors is doing for the shareholders – this measure expresses how many pence the company is earning for every share held.

The calculation is 'pre-tax profit divided by the number of shares in issue'. So, if a company makes £10 million and has 100 million shares in issue, its 'earnings per share' is 10 pence. EPS is more important than the overall reported profit figure. The reason is that EPS provides a purer measure of profitability. Consider this: if a company doubles its profits and at the same time quadruples the number of shares in issue, should you as a shareholder be pleased? The answer is no; doubling profits is terrific, but suddenly the number of shares on the market has been multiplied by four. You have actually had the value of your investment halved.

The above example, although a little extreme, is useful because many companies increase their profits at a spectacular rate by buying other companies and issuing new shares. So when looking at profits, look for EPS – it'll serve you well.

Equity capital

The capital provided by the ordinary shareholders, who collectively own the company, and benefit from capital growth if the share price rises. The equity shareholders have least security, coming last in order of preference if the company is wound up.

Ethical investments

Ethical investment seeks to invest in companies that make a positive contribution to the world and seeks to avoid companies that harm the world, its people or its wildlife.

Execution-only service

This service is designed for investors who don't require advice but who need a stockbroker to buy and sell shares for them (or an Independent Financial Adviser to, say, purchase unit trusts). There is no advice or management in this service and so the costs of transacting business are generally lower than with the other services.

Exposure

The amount of a portfolio invested in a particular area. For example, if half the value of your portfolio is invested overseas, you are said to have a 50% overseas exposure. Currency exposure is the amount of a portfolio that is vulnerable to exchange rate fluctuations in a specific currency. For example, if a trust is 50% invested in the USA, and has no hedging, it is 50% exposed to the dollar. (Trusts use hedging to reduce their currency exposure if they expect adverse exchange rate movements.)

Face value

The value of a bond in terms of what the company that issued the bond will repay when the loan matures. It's sometimes described as 'nominal' or 'par' value. You may also come across the term being used to describe shares – in most instances the stock market price of shares is significantly different (usually higher) than their face value.

Fast market

This is a technical term used by the London stock market to describe a situation in which share prices are changing more rapidly than the prices quoted on the SEAQ service by the market makers. Such a situation means, of course, that a market maker's price may well be out of date when you try to deal on it. Therefore, when the Exchange authorities declare a fast market, the market makers are no longer specifically obliged to deal at their quoted price but may vary from it. So the price on the screen becomes indicative, not a firm price.

Fee-based Independent Financial Advisers

Most financial advisers earn their living by taking a commission from the life insurance or investment companies whose products they sell, which must be disclosed to the client. That being said, many investors fear that advice from an independent financial adviser or a tied agent will be coloured by his/her need to earn commission.

So, some independent financial advisers offer their services on a fee basis in much the same way as accountants and solicitors do. They charge the client by the hour or agree a 'one-off' fee upfront. Any commission earned is then rebated. This can make a lot of sense in view of the fact that there are financial products that would suit you which don't pay your adviser to recommend them.

Final dividend

This is the dividend paid by a company to its shareholders out of profits at the end of the financial year. A motion to pay a final dividend must be approved at the shareholders' Annual General Meeting (AGM), where they have the option of accepting the dividend recommended by the directors or of reducing it; they cannot vote to increase it.

Financial Times Stock Exchange Actuaries All-Share Index (The All-Share)

A broadly-based index covering over 900 UK industrial, commercial and financial companies, including investment trusts.

Firm price

This is the price quoted by a market maker at which s/he is committed to deal with a broker or other market maker. The only occasion in which a market maker may vary from offering a firm price is when the Stock Exchange has declared a fast market.

Gap

When the market opens above or below the previous day's close, the price on a bar chart will show a 'gap'. This may then be 'closed' if the market trades at prices between the opening level and the previous day's close.

Geographical spread

The distribution of the investments in an investment trust's portfolio over different parts of the world, either by country or by larger area.

Grossing up

As a shareholder you may receive some dividends net of tax. To enable you to calculate your tax liability on such income, an amount equivalent to a notional tax figure is added to the net amount. Your tax liability is then calculated back from this notional gross figure.

Gross redemption yield

Return on a fixed interest security or any investment with a known life

expressed as an annual percentage. Redemption yield measures the capital as well as income return on investments with a fixed life.

Gross yield on assets

The total gross revenue that would be earned in a full year from all securities and investments held as a percentage of total assets less current liabilities.

Guaranteed income bond

A single premium insurance bond which pays a fixed amount of income annually and returns the original sum invested at the end of a specified period. Beware of bonds that offer high returns but may set performance benchmarks for the return of your capital – if these targets are not met, your income is effectively no more than the draw-down of your capital.

Head and shoulders

This is a term used in technical analysis by chartists to describe a particular pattern of price movement. The pattern is said to resemble a person's head and shoulders – a level period followed by a sharp rise, maintained briefly, before falling back to another plateau. Chartists believe that a head and shoulders formation heralds a significant fall in the price of a security.

Holding company

A holding company is a company that does little else but have holdings in other companies in the group. In other words it's a company that has been established with the sole aim of owning the whole, or a substantial part, of the share capital of one or more other companies.

So, if ABC plc is a conglomerate with interests in, say, three main business sectors, such as agriculture, mining and media, its structure may be as follows: ABC Holdings plc is the main company at the top of the hierarchy; it maintains the head office and other key functions for the group. ABC Holdings plc then owns, say, 100% of each of the operating businesses, which could be known as ABC Agriculture Limited, ABC Mining Limited and ABC Media Limited. As accountants and corporate financiers will tell you, there are lots of reasons for organising businesses with such a structure.

Independent Investment Trust

A trust that has its own team of managers, rather than hiring the services of an outside group.

Insider

A person with access to privileged information about a company, which may affect a decision to buy or sell shares in that company.

Junior market – AIM

See AIM.

LIFFE

The London International Financial Futures and Options Exchange (LIFFE) was first established in September 1982 to trade in financial futures. Ten years later, it took over the London Traded Options Market. LIFFE is now the world's largest financial futures market outside Chicago and is the largest market, for example, in Bund (German government bond) futures – more than twice the size of domestic German Bund future trading. LIFFE trades futures contracts in several government bonds, including gilts. It also trades FTSE index futures and has some currency futures contracts. LIFFE's Web site is at **www.liffe.com**.

Listed investments

These are investments that have an official listing on one of the world's recognised stock markets. Also known as quoted investments.

Low-start mortgages

In the competitive environment among home lenders, there are a variety of offers which promise a discount off the prevailing variable interest rate. So, the interest rate is set at a margin below the standard variable rate.

This 'discount' may be for a number of years, but in some cases lenders have offered big discounts for short periods of time: eg 6% off your home loan rate for six months. These offers are, in a sense, 'too good to be true'. They invariably involve the borrower agreeing to stay with the lender for a period of time or face 'withdrawal penalties'. Other options include mortgages which are variable rate, fixed rate or capped.

Managed bond

Managed bonds are broad-based funds, which aim to spread the risk for the investor by putting money into a variety of different places. These funds tend to have 'a bit of everything' in them, containing shares, gilts, cash and an exposure to commercial property – in fact, the underlying investments are often similar to those held by with-profits bonds. Managed bonds tend to underperform equity funds (the stock market), when shares are zooming ahead, but shares can fall suddenly and, in such a case, investors can expect a smoother ride from investing in a managed fund because of its exposure to investments other than just shares.

Market capitalisation

The value of a company as determined by multiplying the number of shares in issue by the price of the shares.

Market makers

Those who trade in the market as principals and create a market in a specific stock by continually quoting prices at which they will buy or sell on demand. They take positions in the stocks and so bear the risks involved.

Market price

There are two prices quoted by dealers to stockbrokers: the higher, or offer, price at which they will sell you shares and the lower, or bid, price at which they will buy your shares. The difference between the two is known as the 'spread' or 'turn' (see mid-market price).

Mid-market price

A price between the offer and bid price at which shares are bought and sold. The mid-market price is used to calculate investment trust performance statistics. It is also the price used in most newspapers' share tables.

Mutual funds

Open-end funds which are not listed for trading on a stock exchange. The fund is essentially a pool of money, which is invested into other companies by the fund manager.

Negative equity

When the value of an asset (for example, your home) falls below the amount of the loan taken out to purchase it, you are said to be in a position of negative equity. In other words, were you to sell your asset (eg your home) you would not receive enough money to enable you to pay off your loan (your mortgage).

New Issue

The first time a company is floated on the stock market. Known as an IPO (Initial Public Offering) in the US.

Options

An option is a contract giving the right to sell or buy a commodity, financial instrument or index, at a specified price for a certain period. In other words, like futures, options are derivatives which allow you to put down a small stake and give yourself exposure to a much larger investment. Like futures, they can be used to minimise or maximise risk.

There is one key difference between options and futures. If you buy a futures contract, you have agreed to take delivery of a commodity (say 10 kilos of sugar) at a given date in the future. You have no alternative (unless, of course, you sell the contract on to somebody else).

With an option, you are not bound to take delivery. If you choose, you may decide against taking delivery and let the option 'lapse'.

Options can be, and are, extended beyond the commodity markets. Companies have often in the past given their top managers 'executive share options'. These enable the managers to purchase shares in the business in the future at a price fixed now. Options in this context are used as an incentive to provoke the managers into performing better. Option contracts have intrinsic value. This has led them to be bought and sold on exchanges such as the London International Financial Futures Exchange (LIFFE).

Ordinary shares

The main type of equity capital and the main sort of investment trust share which is of interest to the private investor (see Equity capital).

PE ratio

The Price/Earnings (PE) ratio is a measurement of how highly a share is

In other words...

valued; in other words, its rating. The PE Ratio is calculated by dividing the company's market capitalisation (its value) by its earnings. Put another way, the company's share price can be divided by its earnings per share to reach the same result.

It's a useful measure of comparison, since not all companies pay out the same proportion of their profits in dividends. Yet the money they retain in the company doesn't vanish – it goes into 'the reserves' and it continues to belong to the shareholders. It's being retained in the business because the directors believe they can get a worthwhile return on it.

So analysts like to be able to compare the share price with the earnings of the company.

Generally, the stock market is prepared to put a higher PE ratio on a company that has the potential for above-average growth in profits and dividends than on a company that is only managing sluggish growth.

Premium

If the share price of an investment trust is higher than the net asset value, the trust is said to stand at a premium. The premium is shown as a percentage of the share price. It is rare for an investment trust to be at a premium.

Quoted investments

Investments that have an official listing on one of the world's recognised stock markets. (AKA listed investments.)

Quote vendors

Commercial organisations, usually offering screen-based computer systems, which take a price quote provided by market makers and then immediately sell it on in value-added form (for example, with the addition of a news service) to their own customers.

Companies such as ICV, Reuters, S&P Com Stock and ADP are all quote vendors licensed by the London Stock Exchange in the UK.

Rally

A swift rise in the price of a market or an individual stock.

Reaction

A dip in the price of a security following a rally.

SETS

The Stock Exchange Electronic Trading Service (SETS) is the formal name for the electronic trading order book introduced at the time of Big Bang 2 in October 1997.

It's a computer-driven trading system which initially handled trades for more than 100 leading companies traded on the London Stock Exchange. The system is anonymous. Orders to buy or sell shares are matched automatically by computers. Retail Service Providers (RSPs) are the new name for market makers in the electronic age – their role is not identical. Deals of fewer than 1,000 shares (or 500 if the share price is over £5) are excluded from the order book; so are deals for longer than the standard settlement time – five days – which covers the majority of deals done using share certificates.

Share certificate

A share certificate is a legal document which can be used as proof of ownership of a shareholding. But with 30,000+ share transactions a day going through the London stock market in the early 1990s, a lot of paper was generated. A more efficient way of handling share settlements is to do it electronically, as happens in many other countries. And so in London, a new settlement system called Crest was launched in 1996.

Share dealing

Stockmarkets exist to allow companies to raise capital through the issue of new shares to fund business investment. The success of such fund-raising activities depends very much on the liquidity of the market, (how easily the players in the market find it to put up the money for the company's equity or shares). The only important measure of liquidity is the second-hand market – how easy is it to sell shares once you have bought them. Nobody really wants to be stuck without the ability to realise their cash once more.

You may buy shares in the hope of receiving a regular income from them in the form of dividend payments or you may be hoping that the share price will rise in value to give you some capital gain. Most people invest in shares or equities looking for a mixture of the two.

Share exchange

Some investment trust fund managers offer a share exchange service whereby a parcel of shares can be converted into investment trust shares, which provide a broad spread of investment for just a few hundred pounds.

Stamp duty

Stamp duty is a government tax levied on certain legal transactions including share dealing (and the purchase of property). Stamp duty on share dealing is levied at a rate of 0.5%.

However, there is a higher rate of 1.5% payable in special circumstances where shares are being purchased in depository receipts or transferred into a clearance system (Crest).

Stop buy order

An order to buy a stock when the price rises to a certain level.

Stop loss order

An order to sell when the price of the stock falls to certain level.

Technical analysis

An attempt to predict market and security behaviour by studying the past history of price movements and trading volumes. The techniques are graphically and statistically based and concerned with the mathematics of the market.

Unlisted investments

Investments in companies that have no stock market listing. Also called unquoted investments.

Unlisted shares

Shares in some companies, often smaller ones, are not traded on any stock exchange. Companies are not quoted (or listed) because they either do not wish to be or they do not meet the listing requirements, such as minimum market capitalisation. For people interested in investing in unquoted shares, there are investment trusts which specialise in this area.

Quite separately, there are two Government schemes, the 'Enterprise Investment Scheme' and 'Venture Capital Trusts', which enable investors to put money into unquoted companies while benefiting from various tax breaks. Unquoted investments, because of their nature, can be volatile and they should be treated with caution.

Venture capital

Making high risk investments in small and young companies which may already be trading or may be at the planning stage.

Volatility

How quickly the price of a security changes over time. A high volatility indicates a rapid change in price.

Volume

The number of shares bought and sold on a stock exchange. This is a useful measure of the popularity of a share on a given day.

Yield

The yield on an investment trust (or any other share) indicates the size of the income return on the share in relation to the price you have to pay for it. It is calculated by dividing the current share price by the annual gross dividend.

Want to know more?

This is an abridged form of the glossary of investment terms that can be found at Interactive Investor's Web site. Interactive Investor also offers newsletters, mailing lists and online articles about a wide range of online investing topics. For more information, see **www.iii.co.uk**

Closing time...

You've almost reached the end of issue one now, so you're probably ready to jump online and start saving some cash. We hope that we've given you a few ideas of how you can utilise the Net to manage your finances more efficiently. But what's in store for next issue?

Well, that's up to you. We want to know what subjects you want covered and which parts of the magazine interest you the most. Is it too basic for your needs, or do you want to see more beginners' guides? What would you like to see covered in more depth, and which subjects didn't interest you?

Either fill in the questionnaire on this page, or send us an email at **investor@futurenet.co.uk**. You can also use that address for correspondence intended for our letters page.

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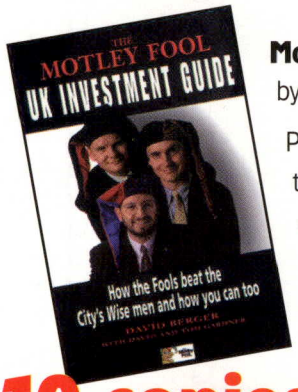

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Taken out a loan	❑	❑	❑
Taken out/changed insurance	❑	❑	❑
Taken out a mortgage/remortgaged	❑	❑	❑
Taken out a pension	❑	❑	❑

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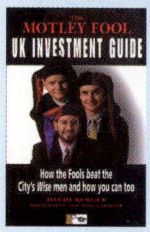

David Berger's book, *The Motley Fool UK Investment Guide*, is an excellent, jargon-free introduction to personal investing. Full of sound advice, this book explains why you need to invest, along with tips to help you beat the professional investors at their own game. Writing in a witty, readable style, Berger makes investing concepts easy to understand and enjoyable to implement. *The Motley Fool UK Investment Guide* costs £12.99 and is published by Boxtree, but we've got 10 copies to give away. Simply fill out the survey and send it to us by 31 January 2000. If you're one of the 10 lucky people selected at random, we'll send you a copy of the book.

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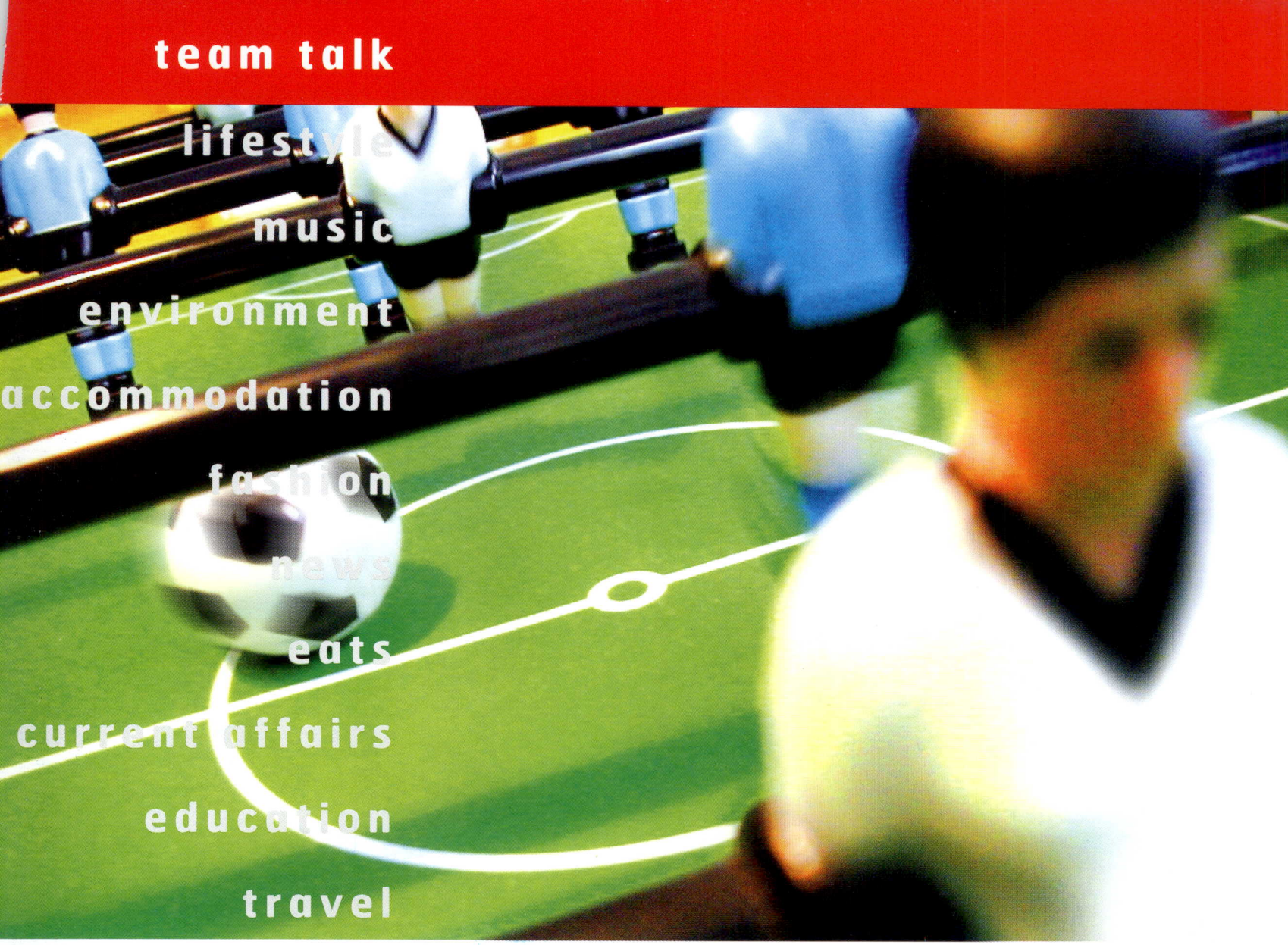

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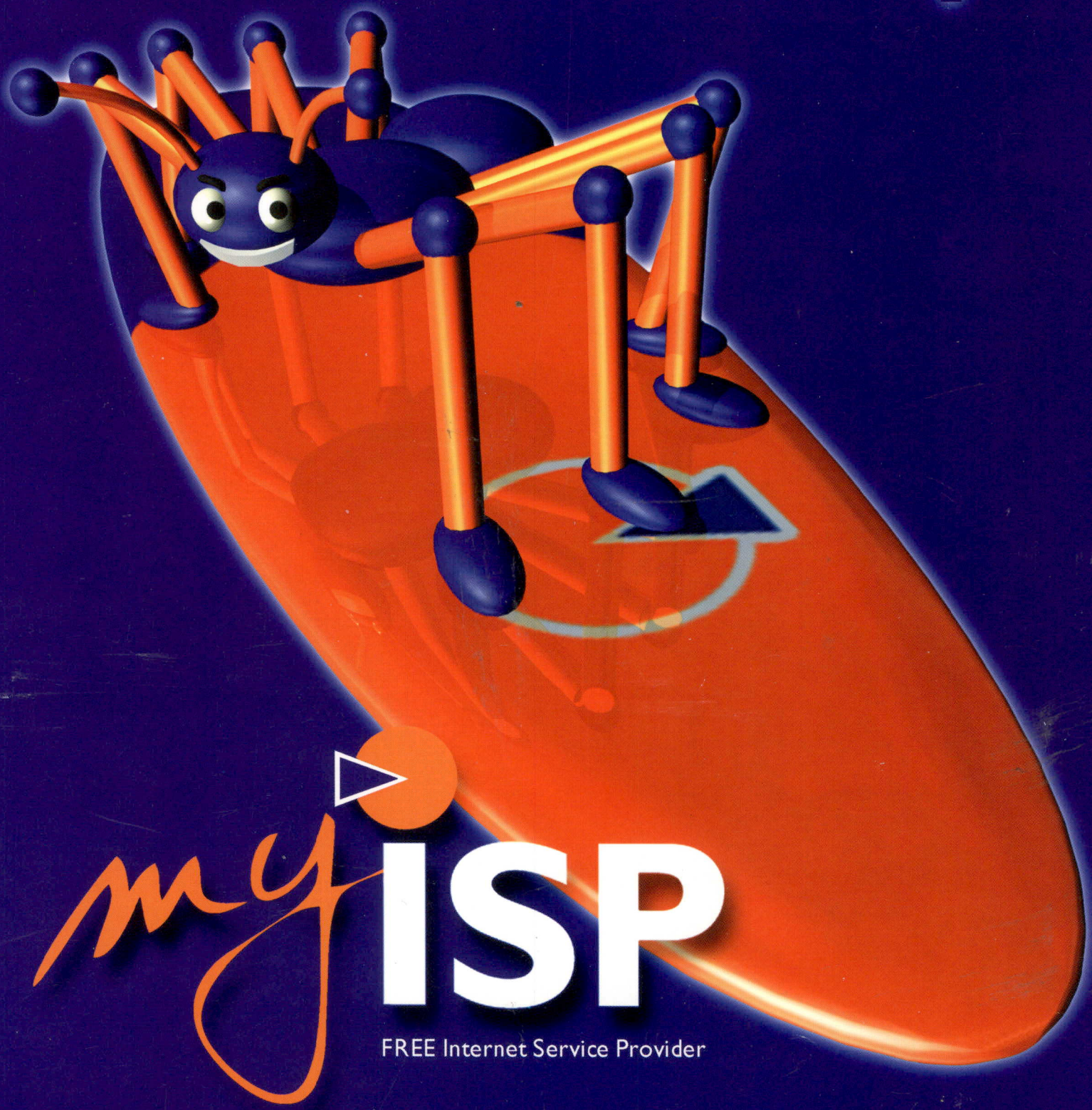

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